

TOWN OF DAVIE POLICE PENSION PLAN

Minutes

August 14, 2018
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 – Mr. Bob Dorn on August 14, 2018 at 4:02 P.M. at 13790 N.W. 4th Street, Suite 105, Sunrise, Florida.

TRUSTEES PRESENT:

Mr. Greg Brilliant – Chairman; Mr. Lawrence Davis – Secretary; Mr. Thomas DiMeglio, Mr. Jack Mackie (arrived at 4:20 P.M.) & Mr. Ed Taylor – Mr. Trustees.

ABSENT:

None

OTHERS PRESENT:

Mr. Stu Kaufman - Klausner, Kaufman, Jensen & Levinson; Mr. Bob Dorn – Plan Administrator; Mrs. Patty Ostrander – Administrative Assistant (left at 05:25 P.M.) Mr. Don Dulaney - Dulaney & Company; Mr. Paul Ortenzo & Mr. Daniel Perez - active members; Mr. David Lee - Dahab & Associates; Ms. Janna Hamilton – Garcia Hamilton & Associates; Mr. Amed Avila – Fiduciary Trust International, Mr. Ronald Lanier – UBS Realty Investors, Mr. David Chow & Mr. Vinay Nadkarni – Clearbridge Investments & Mr. James Mineman – PNC Capital Advisors,

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 reviewed the July 10, 2018 Town of Davie Police Pension Plan meeting minutes. Mr. Taylor & Mr. Davis suggested some changes which the Board agreed upon. Mr. Davis made a Motion to approve the July 10, 2018 meeting minutes. Mr. DiMeglio seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

The following Warrants were reviewed and approved by the Board:

WARRANT 1091

This Warrant is to Mr. Davis for trustee reimbursement. The amount of this warrant is \$6.67. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1092

This Warrant is to Garcia Hamilton & Associates for investment management fees for the second quarter of 2018. The amount of this warrant is \$22,812.47. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

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WARRANT 1093

This Warrant is to Mr. Davis for reimbursement to attend the FPPTA Pension Conference in June 2018. The amount of this warrant is \$914.09. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1094

This Warrant is to Mr. Thomas Squarini for a direct rollover of his terminal leave account. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1095

This Warrant is to Mr. Dorn for office supplies reimbursement. The amount of this warrant is \$6.70. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1096

This Warrant is to Clearbridge Investment LLC – Mid Cap for investment management fees for the second quarter of 2018. The amount of this warrant is \$14,557.52. A Motion was made by Mr. Taylor to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1097

This Warrant is to Clearbridge Investment LLC – Large Cap for investment management fees for the second quarter of 2018. The amount of this warrant is \$20,345.05. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1098

This Warrant is to Brown & Brown of Florida Inc for the renewal of our Fiduciary Liability Insurance from 08-01-18 to 09-01-19. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1099

This Warrant is to FPPTA for Mr. Davis to attend the 34th Annual Conference. The amount of this warrant is \$700.00. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1100

This Warrant is to Mr. Dorn for office supplies reimbursement. The amount of this warrant is \$59.98. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1101

This Warrant is to Dulaney & Company for actuarial services through June 2018. The amount of this warrant is \$2,771.25. A Motion was made by Mr. Taylor to approve this

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Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1102

This Warrant is to Mr. Matthew Drake to transfer his DROP Funds. This is the second and final of two transfers. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1103

This Warrant is to Klausner, Kaufman, Jensen & Levinson for legal services through July 2018. The amount of this warrant is \$3,580.00. A Motion was made by Mr. Taylor to approve this Warrant. Mr. DiMeglio seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1104

This Warrant is to PNC Capital Advisors for investment management fees for the second quarter of 2018. The amount of this warrant is \$20,804.49. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1105

This Warrant is to Dahab Associates, Inc. for performance monitor services for the second quarter of 2018. The amount of this warrant is \$18,253.22. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1106

This Warrant is to Fiduciary Trust Company International for R & D Custodial Services for the second quarter of 2018. The amount of this warrant is \$62.40. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1107

This Warrant is to Fiduciary Trust Company International for Mutual Fund Custodial Services for the second quarter of 2018. The amount of this warrant is \$2,442.29. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1108

This Warrant is to Fiduciary Trust Company International for Garcia Fixed Custodial Services for the second quarter of 2018. The amount of this warrant is \$4,089.59. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1109

This Warrant is to Fiduciary Trust Company International for Lyrical Custodial Services for the second quarter of 2018. The amount of this warrant is \$1,684.45. A Motion was made by Mr. Taylor to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

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WARRANT 1110

This Warrant is to Fiduciary Trust Company International for Clearbridge Custodial Services for the second quarter of 2018. The amount of this warrant is \$1,009.59. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1111

This Warrant is to Fiduciary Trust Company International for LMCG Custodial Services for the second quarter of 2018. The amount of this warrant is \$958.55. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1112

This Warrant is to Fiduciary Trust Company International for PNC Custodial Services for the second quarter of 2018. The amount of this warrant is \$1,170.14. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1113

This Warrant is to Fiduciary Trust Company International for Clearbridge LRG Custodial Services for the second quarter of 2018. The amount of this warrant is \$1,835.71. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Taylor seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1114

This Warrant is to FPPTA for Conference Registration for Mr. Davis to attend the Fall Trustee School. The amount of this warrant is \$600.00. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 4-0. (Mr. Mackie was not present for this vote).

WARRANT 1115

This Warrant is to Ed Taylor for a one time partial DROP disbursement. A Motion was made by Mr. DiMeglio to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 3-0. (Mr. Mackie was not present for this vote & Mr. Taylor did not vote).

WARRANT 1116

This Warrant is to FPPTA for Conference Registration for Mr. Brilliant, Mr. DiMeglio, Mr. Davis, Mr. Perez & Mr. Ortenzo to attend the Fall Trustee School. The amount of this warrant is \$3,000.00. A Motion was made by Mr. Taylor to approve this Warrant. Mr. Davis seconded the Motion. The Motion passed 5-0.

NEW / UNFINISHED BUSINESS:

Mr. Avila informed the Board that they undergo a yearly audit by Price-Waterhouse Cooper (PWC) who examines Fiduciary's controls & procedures designed & implemented throughout the period of October 01, 2016 to September 30, 2017. During the exam, they found controls operated effectively resulting in an "unqualified" audit. Some areas tested were (New account set-up, Electronic fund deposit, Charles River trading platform, corporate actions & Class action processing, Income collection & Pricing & security maintenance.

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Mr. Avila directed the Board to page 65 of their audit which highlighted some additional specific areas regarding contributions & disbursements.

In closing, he stated that they strive for the above results each year, but as can be imagined, a lot goes into doing so i.e. training & finding ways to make their process & procedures more efficient.

Some recommendations made by PWC were enhancements to the existing delegation of authority forms & trustees signature list.

INVESTMENT MANAGERS

GARCIA HAMILTON & ASSOCIATES:

Ms. Janna Hamilton indicated that as of June 30, 2018, the Fixed Account portfolio had a market value of \$36,506,961 which was a decrease of \$1,076,777 from the March ending value of \$37,583,738. Our asset allocation was 94.9% (\$34,644,202) in fixed income and 5.1% (\$1,862,759) in cash. Fixed Income returned 0.5% compared to the Bloomberg Barclays Aggregate which returned -0.2%.

PNC CAPITAL ADVISORS

Mr. James Mineman indicated that as of June 30, 2018, the portfolio had a market value of \$10,401,816 representing an increase of \$414,385 from the March ending value. Last quarter, the fund posted withdrawals totaling \$21,100 which partially offset the portfolios net investment return of \$435,485. For the second quarter, the portfolio returned 4.4% which was 3.4% below the Russell 2000 Indexes return of 7.8% and ranked in the 93rd percentile of the small cap core universe.

UBS REALTY INVESTORS:

Mr. Ronald Lanier indicated that as of June 30, 2018, the portfolio had a market value of \$4,329,326 representing an increase of \$64,549 from the March ending value. Last quarter, the fund posted withdrawals totaling \$9,950 which partially offset the portfolios net investment return of \$74,499. For the second quarter, the portfolio returned 1.8% which was .2% below the NCREIF NFI-ODCE Index return of 2%.

CLEARBRIDGE – Large Cap Growth:

Mr. Vinay Nadkarni indicated that as of June 30, 2018, the large cap portfolio had a market value of \$16,320,884 representing an increase of \$5,543,278 from the March ending value. For the second quarter, the Clearbridge LCG portfolio gained 5.1% which was .7% less than the Russell 1000 Growth Index universe. Over the trailing year, the portfolio returned 20.6% which was 1.9% below the benchmarks 22.5% return and ranked in the 58th percentile.

CLEARBRIDGE – Mid Cap Core:

Mr. Vinay Nadkarni indicated that as of June 30, 2018, the mid cap core portfolio had a market value of \$8,984,425 representing an increase of \$290,113 from the March ending value. For the second quarter, the Clearbridge Mid Cap core portfolio posted withdrawals totaling \$14,910 which partially offset the portfolios net investment return of \$305,023. For the second quarter, the Clearbridge Mid Cap Core portfolio returned 3.5% which was .7% above the Russell Midcaps return of 2.8% and ranked in the 51st

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percentile of the Mid Cap Core Universe. Since March 2016, the portfolio returned 11.5% annualized and ranked in the 93rd percentile.

MONITOR REPORT:

Mr. David Lee advised that as of June 30, 2018, the total fund was valued at \$165,064,419. The manager allocation was 31.6% in Large Cap Equity, 10.7% in Mid Cap Equity, 11.1% in Small Cap Equity, 11.7% in International Equity, 11.6% in Real Estate, 21.0% in Fixed Income and 2.4% in Cash.

Mr. Lee indicated the performance summary for the Davie Police Pension Plan ranked in the 17th percentile in public fund rankings, the 13th percentile fiscal year to date, and 19th percentile for the one year ranking.

ATTORNEY REPORT:

Mr. Kaufman distributed a memo regarding the location of municipal board meetings indicating that it was the belief of KKJ&L that the Davie Police Pension Plan Board Meetings were in compliance with the Attorney General's opinion.

Mr. Kaufman informed the Board that he is still awaiting paperwork from VOYA for the self directed DROP. .

ACTUARY REPORT:

Mr. Dulaney advised the Board of his discussions and emails with Ken (our IT person) regarding his assistance in his efforts in creating an estimated benefit calculator. He was requesting a set of conversion factors that he could use to cover certain age ranges for retirees and beneficiaries. Mr. Dulaney distributed to the trustees a handout of roughly nine pages of output (that we produce internally) for the conversion factors for a recent actual benefit calculation that we performed. Mr. Dulaney explained that for a married retiree whose normal form of payment would be the Joint and 60% Survivor benefit, such person would be shown seven different Joint and Survivor options, plus a life annuity option, as well as a 10 years certain and life option - nine options in total. Ken was requesting factors to cover an age range of 40 - 70 years old for possible future retirees, coupled with an age range of 20- 80 years old for beneficiaries. This would lead to 16, 200 distinct conversion factors (30 x 60 x 9). Taking into account that the retiree might not be married and would therefore have a normal form of payment of 10 years certain and life, this would roughly double the number of conversion factors to over 30,000. Mr. Dulaney suggested that we compute a much smaller number of precise factors, and then linearly interpolate between them to come up with reasonably close estimated conversion factors. The trustees agreed.

Mr. Dulaney also noted that he is working on the COLA listing for pensioners, showing the expected monthly benefit on a month-by-month basis for 2019 for each pensioner.

PLAN ADMINISTRATOR:

No formal report

OPEN DISCUSSION:

Mr. Dorn presented the 2019 meeting schedule to the trustees. (he told me he didn't present them so I never sent them to Ken – Greg told me he did present them so I sent them to Ken to post today)

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ADJOURN:

Mr. Mackie made a Motion to adjourn the meeting. Mr. DiMeglio seconded the Motion. Motion passed 5-0. The meeting was adjourned at 7:10 P.M.



Greg Brilliant, Chairman

FOR THE BOARD