

TOWN OF DAVIE POLICE PENSION PLAN MEETING MINUTES

April 09, 2019

4:00 P.M.

The regular meeting of the Town of Davie Police Pension Plan Board of Trustees was called to order on behalf of the Board by Mr. Greg Brilliant - Plan Administrator on April 09, 2019 at 4:00 P.M. at 13790 N.W. 4th Street, Suite 105, Sunrise, Florida.

TRUSTEES PRESENT:

Mr. Thomas DiMeglio – Board Chairman; Mr. Larry Davis – Board Secretary; Mr. Jack Mackie, Mr. Paul Ortenzo and Mr. Ed Taylor – Board Trustees. Mr. Danny Perez – Trustee Training Program (arrived at 4:40 p.m.).

ABSENT and/or EXCUSED:

OTHERS PRESENT:

Mr. Greg Brilliant - Plan Administrator; Mrs. Patty Ostrander - Administrative Assistant; Mr. David Lee – Dahab Consulting; Ms. Lindsey Singer - Dulaney & Company; Mr. Stu Kaufman - Klausner, Kaufman, Jensen & Levinson.

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

PUBLIC DISCUSSION:

None

CONSENT AGENDA:

None

APPROVAL OF THE MINUTES:

The Board reviewed the March 12, 2019 Town of Davie Police Pension Plan meeting minutes. Mr. Taylor made a motion to approve the minutes as presented, seconded by Mr. Ortenzo. The Motion Passed 5-0.

WARRANTS APPROVED BY BOARD:

After review and consideration of warrants 1208 and 1210-1216, a motion to approve was made by Mr. Taylor, seconded by Mr. Ortenzo. Motion Passed 5-0.

WARRANT 1208

Payment of \$20,000 to Mark Williams as a one time, lump sum DROP distribution.

WARRANT 1209

Payment of \$1,022.45 to Mr. Lawrence Davis as reimbursement for the FPPTA Winter Trustee Conference. After review and consideration of warrant 1209, a motion to approve was made by Mr. Mackie, seconded by Mr. Ortenzo. Motion Passed 4-0. Mr. Davis did not vote.

WARRANT 1210

Payment of \$2,673.00 to Klausner, Kaufman, Jensen & Levinson for legal services during the month of March 2019.

WARRANT 1211

Transition from active DROP to Normal Retirement payment of \$6,883.09 for Mr. Jeffrey Stewart beginning on 05/01/2019.

WARRANT 1212

Payment of \$27,050.64 to Lyrical Asset Management for 2nd Quarter 2019 investment services.

WARRANT 1213

Payment of \$18,113.31 to LMCG Investments, LLC for 1st Quarter 2019 investment services.

WARRANT 1214

Payment of \$100,572.75 to Mr. Jeffrey Stewart (for 4/11/2019 submission). This represents approximately 80% of his DROP balance as of 02/28/2019 per Dulaney & Co.

WARRANT 1215

Payment of \$9,508.75 to Dulaney & Co for actuarial services during the month of February 2019.

WARRANT 1216

Payment of \$22,667.52 to Garcia Hamilton & Associates, L.P. for 1st Quarter 2019 investment services.

NEW/UNFINISHED BUSINESS:

ATTORNEY REPORT – KKJ&L:

- Administrative Rule – Mr. Stuart Kaufman distributed the Administrative Rule regarding Credit Card expenses. Mr. Davis questioned some verbiage regarding the reference to cards, which should have referred to card (singular) in the rule. There is only one card issued on the account which is maintained in the PPA office. Mr. Kaufman noted the requested change and stated the Administrative Rule will be amended and would be returned to the Board at the May 14, 2019 meeting. A motion was made by Mr. Mackie and seconded by Mr. Taylor for adoption of the rule as amended. The motion passed 5-0.
- Updated Summary Plan Description – Ms. Blanca Greenwood had previously distributed the Revised Summary Plan Descriptions for Tier I and Tier II for the Board to review. Discussion was tabled until the May 14, 2019 meeting to allow corrections to be made by KKJ&L.

MONITOR REPORT – DAHAB:

Mr. David Lee advised the Board that the five managers as determined by the results of their Real Estate Debt and Value Add Manager search were present for the meeting.

As a matter of professional courtesy and respect for possible proprietary information contained in the respective presentations, each manager waited their turn to present outside of the meeting room.

Each manager was given approximately thirty minutes total for their presentation and responses to Board member questions. First to present were the three real estate debt managers; Bloomfield Capital, Principal Real Estate Investors, and Sound Mark Partners.

Presenting on behalf of Bloomfield Capital were Mr. Jason Jarjosa and Mr. Mike Lucci. Bloomfield was founded in 2008 and is an independently owned firm. They defined their strategy as focused on identifying elusive, equity rich small balance credit opportunities that are often overlooked or unseen by larger managers. This provides Bloomfield with the ability to seek high yields in a generally less competitive environment with the goal of averaging 9%-11% return on investment. The product presented, Bloomfield Capital Income Fund V, LLC is a closed end fund whose investment strategy is real estate debt and credit. Mr. Jarjosa described the fund as an "evergreen" fund in that unlike the first four Bloomfield funds, there will not be a Fund VI but instead, there will be different series of Fund V.

Presenting on behalf of Principal Real Estate Investors, LLC were Mr. Travis Shelton and Ms. Erin Kerr. Ms. Kerr advised the Board that Principal is ranked in the top 10 worldwide of real estate managers with \$412.7 billion total in assets under management (as of 12/31/18) and of that, \$74.3 billion is in real estate. Mr. Shelton advised that the firm draws upon over six decades of real estate investment experience and services over 470 institutional clients. The product presented, the Principal Real Estate Debt Fund III, LP is a closed end fund and seeks to provide investors with current income and attractive long term risk adjusted total returns by building a portfolio with BB+ credit characteristics with a targeted rate of return to investors of 8.6%.

Presenting on behalf of Sound Mark Partners were Ms. Jenna Gerstenlauer and Ms. Ji Won Sin. Sound Mark Partners is a woman owned commercial real estate investment firm focused on real estate debt investment opportunities, with approximately \$305mm in total assets. Ms. Gerstenlauer advised that SMP is committed to protecting their invested capital while achieving attractive risk adjusted returns. SMP has averaged approximately 9.7% net returns to investors over the past five years. The product presented, the Horizons Fund, is an open end fund with benefits such as annual liquidity, a five year fund track record, and access to the entire senior team of SMP. Ms. Sin advised that real estate debt is a defensive strategy with debt being senior to equity, therefore debt service and principal repayment have priority over returns to equity investors, an advantageous position for our Plan.

Next to present were the two Value-Add Real Estate Managers; American Realty Advisors and UBS Realty Investors.

Presenting on behalf of American Realty Advisors were Mr. Jay Butterfield and Ms. Richelle Hayes. ARA was founded in 1988, is employee owned, and is based in Los Angeles, CA. The firm has assets of approximately \$9.7 billion under management.

Ms. Hayes reported that ARA is currently the Core Realty asset manager for the Davie Police Pension Plan and has consistently performed well for the Plan, meeting or exceeding the NCREIF ODCE over the trailing three year period. Ms. Hayes went on to state that AMA utilizes a team approach during all phases of the investment process.

Mr. Butterfield then spoke about their belief that risk management is the foundation of their firm. The product presented, the American Strategic Value Realty Fund, is a diversified open-end value-added commingled fund. The fund as of December 31, 2018 had returns of 15.19% gross and 12.76% net of fees. Monies invested could be in queue for up to twelve months.

Presenting on behalf of UBS Realty Investors were Mr. Timothy Walsh and Ms. Julie Pierro. Ms. Pierro advised that UBS Realty Investors is a Hartford, Connecticut based subsidiary of UBS AG. UBS-Trumbull Property currently manages a core real estate portfolio for the Davie Police Pension Plan and as of 12/31/2018 had met or slightly trailed the NCREIF ODCE index since inception. Mr. Walsh advised that he is the Senior Portfolio Manager for this product, the Trumbull Property Growth & Income (TPG), which is an open end value fund. Mr. Walsh is supported by Portfolio Manager Peter Juliani on this fund. TPG sources individual investment opportunities through their regionally focused acquisition teams. The financial objective of the TPG is to exceed the NFI-ODCE Index by at least 200 bps per annum over any given market cycle. In the past seven years, the TPG returns have significantly outpaced the NFI-ODCE Index by at least 300 bps. Monies invested could be in queue for six to nine months.

Following the final presentation, the Board of Trustees discussed at length the pros and cons of each of the presented investment opportunities with Mr. David Lee, Plan Consultant. Following these discussions, it was the determination of the Board of Trustees to allot an investment of \$2 million each to Bloomfield, Sound Mark, and UBS Realty. A motion was made by Mr. Davis and seconded by Mr. Ortenzo, that subject to Counsel negotiations, to direct Mr. Lee to complete these transactions as possible. The motion passed by a 5-0 vote of the Board.

ACTUARY REPORT – Dulaney & Co:

Mr. Don Dulaney was not present. Appearing on behalf of Dulaney & Company was Ms. Lindsey Singer. Ms. Singer advised that the State required Chapter 112 report is being completed and will be presented at the May 14, 2019 meeting for approval.

PLAN ADMINISTRATOR:

OPEN DISCUSSION:

ADJOURN:

Mr. Taylor made a Motion to adjourn the meeting. Mr. Davis seconded the Motion. Motion passed 5-0. The meeting was adjourned at 7:28 P.M.

Chairman
FOR THE BOARD

