

# **TOWN OF DAVIE POLICE PENSION PLAN MEETING MINUTES**

**August 13, 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 – **Precision Pension Administration** - on August 13, 2019 at 4:00 P.M. at 13790 N.W. 4<sup>th</sup> Street, Suite 105, Sunrise, Florida.

## **TRUSTEES PRESENT:**

Mr. Thomas DiMeglio – Board Chairman; Mr. Larry Davis – Board Secretary; Mr. Jack Mackie and Mr. Paul Ortenzo – Board Trustees; and Mr. Daniel Perez – Training Trustee.

## **ABSENT and/or EXCUSED:**

Mr. Edward Taylor – excused

## **OTHERS PRESENT:**

Mrs. Patty Ostrander - Administrative Assistant; Mr. David Lee – Dahab Consulting; Mr. Don Dulaney - Dulaney & Company; Mr. Stu Kaufman - Klausner, Kaufman, Jensen & Levinson; Ms. Janna Hamilton – Garcia Hamilton; Mr. James Mineman & Mr. John Coates – PNC Capital Advisors; Mr. Ron Lanier – UBS Realty Investors; Mr. Robert Robbins – Robbins Geller Rudman & Dowd LLP; Ms. Jeanine Bittinger & Mr. Richard Cristini – Saltmarsh, Cleaveland & Gund (left meeting at 4:10 P.M.)

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 July 09, 2019 Town of Davie Police Pension Plan meeting minutes. Mr. Davis made a motion to approve the minutes as presented which was seconded by Mr. Ortenzo. The Motion Passed 4-0.

**WARRANTS APPROVED BY BOARD:**

After review and consideration of warrants 1256 – 1273, a motion to approve was made by Mr. Ortenzo, seconded by Mr. Mackie. Motion Passed 4-0.

After review and consideration of warrants 1274 – 1283, a motion to approve was made by Mr. Mackie, seconded by Mr. Davis. Motion Passed 4-0.

**WARRANT 1256**

Board approved monthly increase of \$242.00 for Precision Pension Administration.

**WARRANT 1257**

Payment of \$285.11 to Mr. Paul Ortenzo for FPPTA Conference reimbursement.

**WARRANT 1258**

Warrant voided

**WARRANT 1259**

DROP Distribution Request for Mr. Mark Ray in the amount of \$9,000.00.

**WARRANT 1260**

Payment of \$23,158.13 to Garcia Hamilton & Associates for Investment Services for management fees the second quarter of 2019.

**WARRANT 1261**

Monthly pension change due to divorce and recalculation for Mr. Kelly Woodroof.

**WARRANT 1262**

DROP Account Transfer/closed DROP for Mr. Mark Larghi in the amount of \$25,090.40.

**WARRANT 1263**

Payment of \$927.83 to Mr. Danny Perez for FPPTA Conference reimbursement.

**WARRANT 1264**

Payment of \$21,023.01 to PNC Capital Advisors for Investment Services for Investment Services for the second quarter of 2019.

**WARRANT 1265**

Payment of \$15,345.49 to Clearbridge Investment, LLC for Investment Services for the second quarter of 2019.

**WARRANT 1266**

Payment of \$23,227.77 to Clearbridge Investment, LLC for Large Cap Investment Services for the second quarter of 2019.

**WARRANT 1267**

Warrant voided

**WARRANT 1268**

Warrant voided

**WARRANT 1269**

DROP Distribution Request for Mr. David Graziadei in the amount of \$30,000.00.

**WARRANT 1270**

DROP Account Transfer/closed DROP account for Mr. Timothy Fitzgerald in the amount of \$43,055.01.

**WARRANT 1271**

DROP Account Transfer/closed DROP account for Mr. Gregory Gasse in the amount of \$175,427.78.

**WARRANT 1272**

Payment of \$4,983.25 to KKJL for legal services during the month of July 2019.

**WARRANT 1273**

Payment of \$1,881.42 to American Express.

**WARRANT 1274**

Payment of \$123.14 to Fiduciary Trust Company for 2Q2019 custodial fees for the R & D account.

**WARRANT 1275**

Payment of \$2,695.84 to Fiduciary Trust Company for 2Q2019 custodial fees for the Mutual account.

**WARRANT 1276**

Payment of \$4,150.02 to Fiduciary Trust Company for 2Q2019 custodial fees for the GHA Fixed account.

**WARRANT 1277**

Payment of \$1,628.28 to Fiduciary Trust Company for 2Q2019 custodial fees for the Lyrical account.

**WARRANT 1278**

Payment of \$1,063.85 to Fiduciary Trust Company for 2Q2019 custodial fees for the Clearbridge account.

**WARRANT 1279**

Payment of \$985.56 to Fiduciary Trust Company for 2Q2019 custodial fees for the LMCG account.

**WARRANT 1280**

Payment of \$1,182.39 to Fiduciary Trust Company for 2Q2019 custodial fees for the PNC account.

**WARRANT 1281**

Payment of \$2,096.19 to Fiduciary Trust Company for 2Q2019 custodial fees for the Clearbridge LRG account.

**WARRANT 1282**

Recurring monthly payment of \$10,666.74 transition from active DROP to Normal Retirement for Mr. Richard Moore.

**WARRANT 1283**

Payment of \$9,261.00 to Brown & Brown of Florida for Fiduciary Liability Insurance effective 08-01-19 to 08-01-20.

**GARCIA HAMILTON & ASSOCIATES – FIXED INCOME:**

Reporting on behalf of GH&A, Ms. Janna Hamilton advised that as of June 30, 2019, the fixed income portfolio was valued at \$37,076,001, which represented a 2.1% net increase for the quarter. Although the portfolio experienced a gain in value, the return trailed the benchmark rate of return by 100 basis points, net of fees. FYTD, the portfolio trails the benchmark by 2.2% net of fees. Ms. Hamilton advised that the Bond Markets have been volatile at best and with the Federal Reserve having rolled back interest rates, bonds have been negatively affected. Ms. Hamilton thanked the Board for the long business relationship and allowing GH&A to manage the portfolio.

**PNC CAPITAL ADVISORS – SMALL CAP CORE:**

Reporting on behalf of PNC Capital Advisors were Mr. James Mineman and Mr. John Coates. Mr. Mineman advised that as of June 30, 2019, the small cap core portfolio was valued at \$10,511,348, which represented a 7.1% net increase for the quarter. The portfolio outperformed the benchmark by 5.0% net of fees. FYTD the portfolio has outperformed the benchmark by 3.9% net of fees, showing the strength of the downside protection touted by Mr. Coates as a by-product of the portfolio structure and minimum China exposure.

Mr. Mineman thanked the Board for the opportunity to manage our Small Cap Core portfolio then went on to advise that due to an internal restructuring, PNC Bank has decided to sell off the small cap core portfolio to Federated Investors. This transaction will be finalized in mid-November 2019. Until then, the current PNC investment team will remain in place.

**UBS TRUMBULL PROPERTY FUND:**

Reporting on behalf of UBS Trumbull was Mr. Ron Lanier, Managing Director. Mr. Lanier advised he was appearing at the meeting in place of Julie Pierro who had a scheduling conflict. As of June 30, 2019, the Plan portfolio was valued at \$4,290,200 which was a decrease of \$175,158 from the March 30, 2019 ending value. During 2Q2019 the fund lost 3.7% which trailed the benchmark performance by 4.7%. **Over the trailing twelve-month period, the portfolio returned 0.0% which trailed the benchmark by 6.4%. FYTD the portfolio has returned a -2.1% net of fees as compared to the benchmark return of 4.2%, an underperformance of 6.3% net of fees.**

Mr. Lanier advised that the portfolio has been hardest hit by retail real estate exposure, i.e. shopping malls not food store anchored. With the greater concentration of retail business going to e-commerce, the malls and shopping centers have decreased in value resulting in a write-down on the property values by UBS. Although there has been this decrease in the property valuation, Mr. Lanier advised that UBS has only decreased their retail property exposure in the portfolio from 22% in 2Q2018 to 19% in 2Q2019. Mr. David Lee inquired as to the exit queue status. Mr. Lanier responded that currently the withdrawal queue was \$4 billion and required a 60-day notification to request withdrawing from the fund.

**ROBBINS GELLER RUDMAN & DOWD:**

Reporting on behalf of Special Counsel regarding security litigations was Mr. Robert Robbins. Mr. Stuart Kaufman (KKJ&L) Attorney for the Board, advised that Mr. Robbins was present to brief the Board on a security litigation case they felt would benefit our Plan to be lead plaintiff. Mr. Kaufman advised there was little, if any, downside to becoming involved in the case. Mr. Robbins then presented to the Board the case against National General Holdings Corporation and the Company's top executives. Following the presentation and a brief question and answer period for Board questions, Mr. Larry Davis made a motion to approve going forward with lead plaintiff status. The motion was seconded by Mr. Paul Ortenzo and unanimously approved by the Board 4/0.

**DAHAB CONSULTING:**

Reporting on behalf of Dahab Consulting was Mr. David Lee. Mr. Lee reported that at the end of 2Q2019, the Davie Police Pension Plan was valued at \$172,135,557, an increase over the 1Q2019 ending value of \$170,724,207 of 2.9% net of fees.

For the 2Q2019, the Composite account gained 2.9% net of fees which ranked in the 67<sup>th</sup> percentile of the Public Fund universe. Over the trailing twelve-month period, the portfolio returned 4.9% net of fees ranking in the 76<sup>th</sup> percentile. FYTD the portfolio has returned 1.9% net of fees, outperforming the shadow index by .3%.

Mr. Lee discussed the issues with the PNC restructuring and the impact upon the Plan. The Board directed Mr. Lee to perform a search for a new small cap manager with the goal of presenting a list of prospective managers to the Board at the September 10, 2019 meeting.

Next, Mr. Lee discussed the negative performance by the UBS Trumbull Property Fund and reminded the Board that among the real estate managers in our Portfolio, the UBS TPF had the smallest allocation. Mr. Lee also pointed out the positive performances by the other real estate managers, American Realty Advisors and Intercontinental. It was agreed by the Board and Mr. Lee to monitor the performance of the UBS TPF going forward to avoid future risk to the Plan with, as Mr. Ron Lanier termed it, additional “write downs” on the value of the portfolio.

**NEW/UNFINISHED BUSINESS:**

Mr. Davis advised the Board he had recently met for lunch with Mr. Richard Wells of WEDGE CAPITAL. Calendar YTD the fund has returned 14.67%, an underperformance of 3.35%, while the trailing one-year return of -3.00% trails the benchmark by 6.68%.

**ATTORNEY REPORT – KKJ&L:**

Reporting on behalf of KKJ&L was Mr. Stuart Kaufman. Mr. Kaufman provided the Board a Client Memorandum regarding Cyberattacks and Cyber Liability Insurance and specifically focused upon Florida Statute 501.171. This statute governs “security and confidential personal information.” Under this statute, a governmental entity is considered a “covered entity” and must take steps to notify those affected by a cyberattack and to “restore the reasonable integrity of the data system that was breached.”

After conversation with the Board, an agreement was reached to obtain a Cyber Insurance Policy with \$1m coverage. A motion was made by Mr. Davis and seconded by Mr. Mackie. The motion was passed 4/0.

In further discussion regarding the Plan Liability Insurance policy, the Board expressed their desire to have the policy include trustee recourse coverage. The motion was made by Mr. Davis and seconded by Mr. Ortenzo. The motion passed 4/0.

Mr. Kaufman suggested Mr. Brillant check with the Town to determine if they have any type of Cyber Liability Coverage in place. In conclusion of his report, Mr. Kaufman advised the Board that FRS 175 and 185 distributions had been released which showed an approximate increase of 12% on the police side, or \$1,051,507 net to the Davie Police Plan.

**ACTUARY REPORT – DULANEY & CO:**

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney reviewed for the Board, the August 2018 Horizon report, a survey of capital market assumptions. Mr. Davis asked if the updated 2019 version of the Horizon report was available to which Mr. Dulaney advised he will report back upon its release, probably the end of August 2019.

Mr. Dulaney advised the Board that in years of positive market returns, at the assumption rate or above, an adjustment of the Plan assumption rate should be considered in increments of .10% (10 basis points) eventually leading to the goal of a 7.0% Plan assumption rate.

**PLAN ADMINISTRATOR - PPA:**

Mr. Brillant advised the Board that all the annual Confirmation of Receipt of Retirement Benefit forms have been received from our retirees as required for audit purposes.

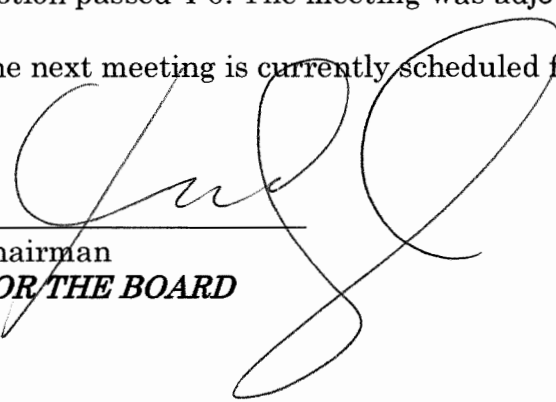
**OPEN DISCUSSION:**

None

**ADJOURN:**

Mr. Mackie made a Motion to adjourn the meeting. Mr. Davis seconded the Motion. Motion passed 4-0. The meeting was adjourned at 6:45 P.M.

The next meeting is currently scheduled for September 10, 2019 at 4:00 PM.

  
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Chairman  
**FOR THE BOARD**