

**TOWN OF DAVIE POLICE PENSION PLAN  
MEETING MINUTES  
November 10, 2020  
1:30 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 November 10, 2020 at 1:35 P.M.

**TRUSTEES PRESENT:**

Mr. Paul Ortenzo – Chairman; Mr. Larry Davis – Board Secretary (remote); Mr. Jack Mackie (remote), Mr. Ed Taylor, and Mr. Danny Perez – Board Trustees. \*Unless otherwise noted, Trustees were physically present. \*

**ABSENT and/or EXCUSED:**

None

**OTHERS PRESENT:**

Mrs. Patty Ostrander – PPA Administrative Assistant; Mr. Peter Hapgood and Mr. Peter Palanjian (all by remote appearance) – Intercontinental Real Estate; Mr. Richard Wells, Mr. Michael Ritzer, Mr. Andrew Rosenberg (all by remote appearance) – Wedge Capital; Mr. Terrence Fennessey, Mr. Peter Bourbeau, Mr. Brian Angerame, Mr. Matt Lilling (all by remote appearance) – ClearBridge Mid Cap and ClearBridge Large Cap Growth; Mr. David Lee (remote appearance) – Dahab Associates; Mr. Stuart Kaufman (remote appearance) – Klausner, Kaufman, Jensen, & Levinson; Mr. Don Dulaney (remote appearance) – Dulaney & Company; Mr. David Williams (remote appearance) – Precision Pension Administration.

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

**NEW/UNFINISHED BUSINESS:**

Pursuant to an email notification Mr. Brilliant sent to the Board for their information, Mr. Davis suggested the item be placed on the agenda for discussion at the upcoming meeting. Mr. Brilliant spoke with the Board regarding a publication by Louise Gates, ASA, FCA, MAAA, of the firm GRS, which dealt with the role of actuarial audits in the Plan performing their fiduciary due diligence.

Town of Davie Police Pension Plan Minutes  
November 10, 2020  
Page 2 of 6

There was a discussion between the Board members, Plan Counsel, Mr. Lee, and Mr. Dulaney. It was the Board's determination that with the current operational oversights in place and practice, the merits of such an action may not justify the costs involved in performing such an audit. Mr. Kaufman agreed and advised that he knew of no other Florida plans currently performing said audit process but felt that the discussion was worthwhile. Mr. Lee also advised he knew of no other Plans that had instituted such an audit. After hearing from Mr. Lee and Mr. Kaufman, the Board agreed to table the item for future discussion as warranted.

**PUBLIC DISCUSSION:**

None

**CONSENT AGENDA:**

None

**APPROVAL OF THE MINUTES:**

The Board reviewed the August 11, 2020 Town of Davie Police Pension Plan meeting minutes. Mr. Davis pointed out an error in the quoted rate of return at the top of page four. Mr. Brillant advised it would be corrected to reflect the proper NCREIF return. Mr. Davis made a Motion to approve the minutes as amended, which was seconded by Mr. Mackie. The Motion Passed 5-0.

**WARRANTS APPROVED BY BOARD:**

After review and consideration of warrants #1422 through #1454, a motion to approve was made by Mr. Ortenzo and seconded by Mr. Taylor. The Motion Passed 5-0.

**DAHAB ASSOCIATES:**

Reporting on behalf of Dahab Consulting was Mr. David Lee. Global equity markets continued their march forward in 3Q2020 despite the September decline. Advance estimates of 3Q2020 GDP from the U.S. Bureau of Economic Analysis increased at an annual rate of 33.1%, the largest gain ever recorded. On September 30, 2020, the Davie Police Pension Plan was valued at \$189,119,617, representing an increase of \$10,825,508 from the 2Q2020 ending value of \$178,294,109. At the market close of November 10, 2020, the Plan was valued at approximately \$195,000,000 according to Mr. David Lee.

Town of Davie Police Pension Plan Minutes  
November 10, 2020  
Page 3 of 6

For the quarter ending September 30, 2020, the total portfolio returned 6.4% and ranked in the eighth percentile. For the trailing twelve-month period, the Plan returned 9.9% and ranked in the seventeenth percentile. Since September 2010, the Plan has returned 8.4% on an annualized basis and ranked in the twenty-sixth percentile.

**INTERCONTINENTAL REAL ESTATE CORPORATION:**

Reporting on behalf of Intercontinental Real Estate Corporation were Mr. Peter Hapgood and Mr. Peter Palandjian. Mr. Hapgood thanked the Board for their continued trust and faith in the investment strategies employed by Intercontinental on behalf of their clients. As of September 30, 2020, the Davie Police Pension Plan account with Intercontinental US Real Estate Investment was valued at \$10,278,407 which represented an increase of \$71,417 from the 2Q2020 ending value. For the 3Q2020, the account gained 0.9%, which was 0.4% greater than the NCREIF NFI-ODCE Index. Over the trailing twelve-month period, the account returned 4.4%, which was 3.0% above the benchmark. Since September 2013, the portfolio has outperformed the benchmark by 2.2%. Mr. Palandjian advised that real estate will typically feel the effects of an event, such as the pandemic, in three to five years and for this very reason projects their management strategy will be careful and defensive over the next one to two years as they assess how the market responds.

**WEDGE CAPITAL MANAGEMENT MCV:**

Reporting on behalf of Wedge Capital Management were Mr. Richard Wells, Mr. Michael Ritzer, and Mr. Andrew Rosenberg. Mr. Wells advised the Board that the mid cap value environment has been an exceedingly difficult sector to navigate and has resulted in their less than favorable performance. This sentiment was echoed by Mr. Ritzer. As of September 30, 2020, the portfolio was valued at \$6,822,116, which represented an increase of \$276,039 over the 2Q2020 ending value. Investment return for 3Q2020 was 4.4% which trailed the benchmark by 2.0%. On a FYTD basis, the portfolio has returned -20.1% net of fees while the benchmark has returned -7.3%, an underperformance of -12.8%. Mr. Rosenberg and Mr. Ritzer spoke as to the holdings of the portfolio and how they were adjusting with the goal to improve overall performance of the fund. They requested the Board be patient with them as they feel their changes will positively affect the returns.

Town of Davie Police Pension Plan Minutes  
November 10, 2020  
Page 4 of 6

**CLEARBRIDGE LCG & MCC:**

Reporting on behalf of ClearBridge Large Cap Growth and Mid Cap Core was Mr. Terrence Fennessey, Mr. Peter Bourbeau, Mr. Brian Angerame, and Mr. Matt Lilling. Beginning with the Large Cap Growth portfolio, the value of the account was reported to be \$24,213,853, an increase of \$2,651,466 from the 2Q2020 ending value. As such, the portfolio gained 12.4%, which trailed the Russell 1000 Growth Index by 0.8%. For the QE 09/30/2020, the Clearbridge Large Cap portfolio was invested across nine of the eleven industry sectors with only the Energy and Utilities sectors left unfunded.

The ClearBridge Mid Cap Core presentation was made by Mr. Matt Lilling who has succeeded Mr. Derek Deutsch as portfolio manager for ClearBridge the mid cap strategies. At the close of 3Q2020, the Davie Police Pension Plan's mid cap portfolio was valued at \$10,068,103, representing an increase of \$924,012 over the 2Q2020 end valuation. For the third quarter, the ClearBridge Investments Mid Cap Core portfolio returned 10.3%, which outperformed the benchmark Russell Mid Cap by 2.8% and ranked in the 1<sup>st</sup> percentile. For the YTD, the portfolio has returned 6.1% gross of fees which outperformed the benchmark by 1.6% and ranked in the 30<sup>th</sup> percentile.

It was requested by ClearBridge that a change in their investment guidelines be made from the current 5% cap to 7% in total market value of investments invested in the equity securities of any one company at the time of purchase. After discussion with Mr. Lee, a motion was made by Mr. Davis and seconded by Mr. Ortenzo. The motion passed 5/0.

**ATTORNEY REPORT - KKJ&L:**

Reporting on behalf of KKJ&L was Mr. Stu Kaufman. Mr. Kaufman advised the Board that there were currently no new developments in the National General litigation. Motions are before the Court and awaiting rulings by the Judge to proceed. Mr. Kaufman advised that the Governor's emergency order regarding virtual meetings had expired. They will be researching the issue and get back to the Board with guidance for future meetings as soon as possible.

Town of Davie Police Pension Plan Minutes  
November 10, 2020  
Page 5 of 6

**ACTUARY REPORT - DULANEY & CO:**

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney has previously suggested to the Board that they consider lowering the Plan assumption rate as most plans are now close to or below 7.0%. He advised the Board that as directed at the August 2020 meeting, he had compiled the cost studies as they related to lowering the Plan assumed funding rate, currently set at 7.5%. After review of the presentation and discussion among the Board, it was agreed upon to lower the Plan assumption rate 0.10% from 7.5% to 7.4% to take effect December 1, 2020. In consideration of the impact upon the Town funding levels, it was decided to attempt to reach the 7.0% target by decreasing the rate 0.10% per year until reaching the targeted assumed rate of return. A motion was made by Mr. Ortenzo and seconded by Mr. Taylor. The motion passed 5/0.

Mr. Dulaney then presented the Board with an experience study of the Plan. What he discovered was that assumptions for pay increases, terminations, and disabilities were very inline with current Plan experience while the assumption for early retirement was not representative of the Plan experience. Dating back to 2012, the Plan had always assumed that of the average 7.4 persons able to take early retirement, some would have exercised that option. However, Plan experience has been that none have elected this option and Mr. Dulaney advised that the Board should consider eliminating this assumption as the cost of electing to take early retirement has obviously served to deter members from electing this option. The Board discussed the issue and Mr. Taylor made a motion to eliminate this assumption. The motion was seconded by Mr. Ortenzo. The motion passed 5/0.

**PLAN ADMINISTRATOR - PPA:**

Mr. Brilliant informed the Board that that there had been some public record request inquiries regarding former members Olenchak and Getejanc, who were both terminated and convicted in a court of law for commission of crimes. The inquiries requested information as to these members eligibility for a pension upon their release from prison or at some later date. As the Board discussed the issue, Mr. Kaufman advised that their standing is that forfeiture proceedings would be initiated if either individual attempted to collect anything more than their contributions to the Plan, as per Plan guidelines.

Town of Davie Police Pension Plan Minutes  
November 10, 2020  
Page 6 of 6

**OPEN DISCUSSION:**

The Board was reminded that Mr. Taylor's Trustee position was to expire on 12/31/2020. They asked if anyone had submitted interest in the position and Mr. Brilliant advised none had been received. Mr. Davis made a motion to retain Mr. Taylor on the Board as the fifth member. The motion was seconded by Mr. Mackie. The motion passed 5/0. Mr. Taylor will retain the fifth member position until 12/31/2024.

**ADJOURN:**

Mr. Ortenzo made a motion to adjourn which was seconded by Mr. Taylor. Without dissent, the meeting was officially adjourned at 4:45 P.M. The next meeting is tentatively scheduled for December 8, 2020 at 1:30 P.M.

***CHAIRMAN FOR THE BOARD***

DocuSigned by:  
  
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***Paul Ortenzo***