

**TOWN OF DAVIE POLICE PENSION PLAN  
MEETING MINUTES  
August 10, 2021  
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 August 10, 2021 at 1:38 P.M. The meeting was conducted remotely and there was a quorum present to conduct an official Davie Police Pension Plan Board of Trustees meeting.

**TRUSTEES PRESENT:**

Mr. Paul Ortenzo – Chairman; Mr. Larry Davis – Board Secretary; Mr. Jack Mackie; Mr. Ed Taylor. All Trustees were in attendance remotely for the meeting.

**ABSENT and/or EXCUSED:**

Mr. Danny Perez – Excused Absence/Training

**OTHERS PRESENT:**

Mrs. Patty Ostrander – PPA Administrative Assistant (remote appearance); Mr. Stuart Kaufman (remote appearance) – Klausner, Kaufman, Jensen, & Levinson; Mr. Don Dulaney, Ms. Lindsay Singer, and Ms. Corinne Paull (remote appearance) – Dulaney & Company; Mr. David Lee – Dahab Associates (remote appearance); Ms. Jeanine Bittinger, Mr. Richard Cristini & Mr. Chuck Landers – Saltmarsh, Cleaveland, and Gund (remote appearance and left at 2:56 P.M.); Ms. Janna Hamilton and Mr. Jeff Detwiler – Garcia Hamilton (remote appearance and left at 2:08 P.M.); Ms. Julie Pierro – UBS (remote appearance - arrived at 2:05 P.M. and left at 2:55 P.M.); Ms. Elise Jadhav and Mr. Jake Coyne – Wellington (remote appearance) – arrived at 3:12 P.M. and left at 3:25 P.M.).

**NEW/UNFINISHED BUSINESS:**

None

**PUBLIC DISCUSSION:**

None

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**CONSENT AGENDA:**

None

**APPROVAL OF THE MINUTES:**

The Board reviewed the minutes from the July 06, 2021 Town of Davie Police Pension Plan Board of Trustees meeting. A Motion was made to approve the minutes by Mr. Davis, seconded by Mr. Taylor. The Motion Passed 4-0

**WARRANTS APPROVED BY BOARD:**

After review and consideration of warrants 1540 - 1556, a Motion to approve was made by Mr. Taylor and seconded by Mr. Davis. The Motion Passed 4-0

**GARCIA HAMILTON & ASSOCIATES:**

Reporting on behalf of GH&A was Ms. Janna Hamilton and Mr. Jeff Detwiler. Ms. Hamilton thanked the Board for the continuing relationship of over twenty-six years. Mr. Detwiler advised that they have reduced their credit rate exposure in the portfolio and have assumed a position of shorter duration in their corporate bonds. As of 2Q2021 close, the portfolio was valued at \$38,533,487, which represented an increase of \$531,924 over the 1Q2021 close. For 2Q2021, the Garcia Hamilton Fixed Income portfolio returned 1.2% which trailed the Custom Fixed Income Index by 0.6% and ranked in the 98<sup>th</sup> percentile of the Core Fixed Income universe. Since June 2011, the portfolio has returned 4.1% annualized and ranked in the 37<sup>th</sup> percentile. The Custom Fixed Income Index returned an annualized 3.3% over the same period.

**UBS (TPG) and UBS (TPF):**

Reporting on behalf of UBS was Ms. Julie Pierro who began by reminding the Board of what the (TPG) Trumbull Property Growth & Income Fund is. TPG is an open end, core plus fund designed to deliver a balanced portfolio with growth and income. Their performance goal is to outperform the NFI-ODCE index by at least 200 bps per annum over any given market cycle. Ms. Pierro advised that for 2Q2021, the TPG returned 3.8%, which trailed the index by 0.1%. Over the trailing twelve-month period, the account returned 12.1%, which outperformed the index by 4.1%. Ms. Pierro stated that since inception, the Trumbull Property Growth & Income (TPG) has returned 6.58% on an annualized basis while the NCREIF NFI-ODCE Index returned 5.0% over the same period.

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For the Trumbull Property Fund (TPF) account, Ms. Pierro advised that for 2Q2021, the TPF returned 2.9%, which trailed the index by 1.0%. Over the trailing twelve-month period, the account returned 2.0%, which trailed the index return by 6.0%. Ms. Pierro stated that since inception, the Trumbull Property Fund (TPF) has returned 6.3% on an annualized basis while the NCREIF NFI-ODCE Index returned 9.3% over the same period, an underperformance of 3.0%. Ms. Pierro was asked to address the write downs of the portfolio, specifically regarding the retail properties in the portfolio. She advised that as brick-and-mortar retail locations have become less in favor, they have attempted to reposition the portfolio more toward multi-family investments. A position they believe will be very advantageous going forward. Ms. Pierro concluded by stating that relative to the expected returns versus today's returns, they feel the portfolio is performing as expected with continued modest returns.

#### **WELLINGTON:**

Reporting on behalf of Wellington was Ms. Elise Jadhav and Mr. Jake Coyne. Ms. Jadhav advised the Board that the overall investment strategy and management team for the portfolio has remained the same. As of 2Q2021, the portfolio was valued at \$13,602,338, representing an increase of \$343,164 over the 1Q2021 ending value. The portfolio returned 2.6%, which trailed the Russell 2000 Index return by 1.7%. Over the trailing year, this portfolio returned 56.2% which trailed the benchmark by 5.8% and ranked in the 66<sup>th</sup> percentile. Mr. Coyne advised that QTD, the portfolio is approximately 240 bps (2.4%) ahead of the benchmark.

#### **SALTMARSH, CLEVELAND & GUND:**

Reporting on behalf of Saltmarsh, Cleaveland, & Gund was Ms. Jeannine Bittinger and Mr. Richard Cristini. Ms. Bittinger began by thanking the Board for their business. It had been their intention to introduce Mr. Chuck Landers of the firm to the Board, but he was unable to establish an audio connection for the meeting. Ms. Bittinger went on to explain a decision by the firm that the services contract for Mr. Cristini would not be renewed going forward. She stated that this would not impact the audit process for the Plan and that Mr. Cristini would still be working but as an independent consultant and available to advise should the Board require or desire his services.

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**DAHAB AND ASSOCIATES:**

Reporting on behalf of Dahab & Associates was Mr. David Lee. Mr. Lee advised the Board that the diversity of the portfolio has allowed for continued productive returns. For 2Q2021 the portfolio was valued at \$227,160,287, representing an increase of \$9,503,019 over 1Q2021 ending valuation. For the second quarter, the account gained 5.4%, which ranked in the 39<sup>th</sup> percentile of the Public Fund universe. Over the trailing twelve-month period, this portfolio returned 27.6%, ranking in the 35<sup>th</sup> percentile. Since June 2011, this portfolio has returned 9.2% on an annualized basis and ranked in the 29<sup>th</sup> percentile.

Mr. Lee advised that at the direction of the Board of Trustees, the positions with LMCG Investments and WEDGE Capital Management were liquidated by Mr. Brilliant. The LMCG Investments account was liquidated and \$12M was invested with the Vanguard CRSP Small Cap Index fund. The WEDGE Capital Management account was liquidated and \$10M was invested with the Vanguard CRSP Mid Cap Index fund. Any remaining assets from the liquidation of these accounts remained in the R&D account at FTI.

**ATTORNEY REPORT – KKJ&L:**

Reporting on behalf of KKJ&L was Mr. Stu Kaufman. Mr. Kaufman reviewed his recent legal opinion for the Board related to the practice of buying back military service time as permitted under Plan rules. A question had been posed by an active-duty police officer regarding buying back military service time for which he was already being provided a benefit, i.e. being paid by the Town as a police officer although he was temporarily deployed, **and** being credited police pension service time. Mr. Kaufman clarified the intent of the Uniformed Services Employment and Reemployment Rights Act (USERRA) law is to ensure that Public Safety officers serving in the military are given the opportunity to be made whole with regard to credited service in pension funds.

Mr. Kaufman advised the Board that there were currently no new developments regarding the National General litigation.

Mr. Kaufman also advised the Board that regarding the increasing numbers of Covid-19 infected patients and the Delta/Mu virus variant infected people, their firm was advising clients that remote meetings were a prudent practice going forward.

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**ACTUARY REPORT – DULANEY & CO:**

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney reviewed with the Board the July 27, 2021 Department of Management Services, Division of Retirement letter of acceptance for the Plan Actuarial Valuation through October 1, 2019.

Mr. Dulaney reflected upon a previous decision by the Board to lower the actuarial assumption rate by 10 bps each year going forward until reaching 7.0%. The assumed rate of return was lowered to 7.4% on 10/1/2020 and will be lowered to 7.3% on 10/1/2021 with Board approval. The rate may adjust lower depending upon the actuarial gains of the Plan.

Mr. Dulaney then discussed an issue Mr. Brillant had posed to him in the weeks prior to the meeting regarding the actuarial basis or funding duration. Currently, the Plan amortizes losses/gains over a thirty-year period which seemed unreasonable given the employment duration of Plan members rarely reaches the thirty-year threshold and is often closer to the twenty-year mark. Mr. Dulaney researched the issue and subsequently was prepared to address the Board. Mr. Dulaney advised the Board that this amortization period change would much more closely reflect the documented Plan experience. He recommended to the Board that prospectively and retroactively, all amortization periods be treated equally as twenty-year periods. After Mr. Dulaney made his presentation to the Board, Mr. Taylor made a Motion to approve the shortening of the amortization period to twenty-years. Mr. Davis seconded the Motion. The Motion Passed 4/0 and will take effect with the October 1, 2021 valuation.

**PLAN ADMINISTRATOR - PPA:**

Mr. Brillant discussed the fiduciary liability and cyber insurance policies recently renewed. The cyber policy coverage cost had increased over the previous year based upon cyber security and recent ransomware attacks; a point echoed by Mr. Kaufman, while Fiduciary Liability Insurance rose only slightly. The Board agreed that the policies should be retained at the current coverage limits.

**OPEN DISCUSSION:**

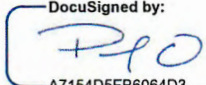
None

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**ADJOURN:**

Mr. Taylor made a Motion to adjourn which was seconded by Mr. Davis. Without dissent, the meeting was officially adjourned at 3:55 P.M. The next meeting is tentatively scheduled for September 14, 2021 at 1:30 P.M.

***CHAIRMAN FOR THE BOARD***

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***Paul Ortenzo***