

**TOWN OF DAVIE POLICE PENSION PLAN
MEETING MINUTES
May 09, 2023
1:30 P.M.**

The regular remote 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 May 09, 2023, at 1:32 P.M. There was a quorum present to conduct an official meeting of the Davie Police Pension Plan Board of Trustees.

TRUSTEES PRESENT:

Mr. Larry Davis – Secretary; Mr. Jack Mackie, Mr. Danny Perez, and Mr. Ed Taylor - Trustees. All Trustees present were in attendance remotely for the meeting.

ABSENT and/or EXCUSED:

Mr. Paul Ortenzo - excused

OTHERS PRESENT:

Mrs. Patty Ostrander – PPA Administrative Assistant; Mr. Stu Kaufman – Klausner, Kaufman, Jensen, & Levinson; Mr. David Lee – Dahab & Associates; Mr. Mike Lucci and Mr. Jason Jarjosa – Bloomfield Capital (arrived at 1:35 P.M. and left at 2:10 P.M.); Ms. Janna Hamilton and Mr. Jeff Detwiler– Garcia, Hamilton, & Associates (arrived at 2:10 P.M. and left at 2:30 P.M.); Ms. Lauren Walsh and Ms. Jenna Gerstenlauer – Sound Mark Partners (arrived at 2:37 P.M. and left at 2:55 P.M.) and Mr. Don Dulaney – Dulaney & Company Actuarial (arrived at 1:30 p.m. and left at 2:50 p.m.)

PUBLIC DISCUSSION:

None submitted.

NEW/UNFINISHED BUSINESS:

None

CONSENT AGENDA:

None

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WARRANTS APPROVED BY BOARD:

After review and consideration of Plan warrants #1769 – #1776 inclusive, a Motion to approve was made by Mr. Perez and Seconded by Mr. Mackie. Motion passed 4/0.

APPROVAL OF THE MINUTES:

The Board reviewed the minutes from the April 04, 2023, Town of Davie Police Pension Plan Board of Trustees meeting. A Motion was made to approve the minutes by Mr. Mackie and Seconded by Mr. Taylor. Motion passed 4/0.

DAHAB ASSOCIATES:

Reporting on behalf of Dahab Consulting was Plan Consultant Mr. David Lee. Mr. Lee advised the Board that as of the QE March 31, 2023, the Davie Police Pension Plan was valued at \$206,909,256, which represented an increase of \$4,715,316 from the QE 12/31/2022 valuation.

For the QE 3/31/2023, the portfolio returned 4.6%, which was 0.5% above the Davie Police Pension Plan Shadow Index's return and ranked in the 30th percentile of the Public Fund universe. Over the trailing year, the portfolio returned -6.1%, which was 0.5% above the benchmark's -6.6% and ranked in the 82nd percentile. Since December 2009, the portfolio has returned 7.7% on an annualized basis. This concluded the report.

BLOOMFIELD CAPITAL PARTNERS:

Presenting on behalf of Bloomfield Capital Partners was Mr. Jason Jarjosa and Mr. Mike Lucci. Mr. Jarjosa advised that they are a credit strategy focused upon debt and are trying to navigate an extremely choppy market that is dealing with residual COVID-related impacts, unrelenting interest rate increases, and overall negative market sentiment. Bid-ask spreads are widely divergent, inflation and the Fed's resultant monetary policy are still unknown, and whole asset classes such as core office have systemic demand problems for the foreseeable future. The market has changed dramatically since rates have been driven upward by the Fed with many REITs down by 15-20% and some down as much as 40%.

For the trailing twelve months, the account returned 5.8%, which was 8.9% better than the benchmark's -3.1% performance. Since 6/2019 the account has returned 12.1% on an annualized basis.

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Mr. Davis inquired of Mr. Jarjosa the difference in terms utilized during his presentation. The terms super senior and senior position were used seemingly interchangeably. Mr. Jarjosa stated that depending upon the presenter, these terms may be utilized interchangeably and mean essentially the same thing. The most important aspect of the loan position is to be in the top spot for repayment. This concluded the report.

GARCIA HAMILTON & ASSOCIATES:

Reporting on behalf of GH&A was Ms. Janna Hamilton and Mr. Jeff Detwiler. Ms. Hamilton again thanked the Board for the long-term relationship of this portfolio and the continued confidence in GH&A as the fixed income manager for the Plan.

Mr. Detwiler explained that there are over nine million job openings with companies of 250 employees or less most hard hit in filling these vacancies. Continuing on, Mr. Detwiler spoke about the convexity of mortgage-backed securities and stated that currently we are in one of the best convexity positions ever. Convexity is defined as the curvature in the relationship between bond prices and interest rates. It reflects the rate at which the duration of a bond changes as interest rates change. Duration measures a bond's sensitivity to changes in interest rates. It represents the expected percentage change in the price of a bond for a 1% change in interest rates.

For the QE 3/31/2023, the Davie Police Pension Plan's Garcia Hamilton Fixed Income portfolio was valued at \$33,177,273, representing an increase of \$3,258,299 over the QE 12/31/2022 valuation.

For the QE 3/31/2023, the GH&A Fixed Income portfolio returned 4.2%, which was 1.2% above the Custom Fixed Income Index's return of 3.0% and ranked in the 1st percentile of the Core Fixed Income universe. Over the trailing year, the portfolio returned -3.5%, which was 1.3% above the benchmark. Since March 2013, the portfolio returned 2.0% annualized and ranked in the 24th percentile. This concluded the report.

SOUND MARK PARTNERS:

Presenting on behalf of Sound Mark Partners was Ms. Lauren Walsh and Ms. Jenna Gerstenlauer. They stated that they consider Sound Mark Partners to be commercial real estate credit specialists.

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Ms. Gerstenlauer advised that the market has become increasingly challenging. But whereas the rising interest rates have spelled disaster for some, the rising interest rate environment has created opportunities for solutions-oriented lenders such as Sound Mark. The Mortgage Bankers Association advised that lenders are reducing their 2023 loan origination goals, with QE 12/31/2022 production down 54% compared to the prior year and down 23% quarter-over-quarter as lenders are exercising conservatism in their underwriting criteria and leverage amounts.

Mr. Davis inquired as to the composition of our current portfolio with Sound Mark Partners. Ms. Gerstenlauer advised that the portfolio is approximately 59.2% multi-family, 4.7% industrial, 23.1% office, 7.4% hotels, and 5.6% in life sciences development.

As of the QE 3/31/2023, the Davie Police Pension Plan's Sound Mark Partners Horizons Fund was valued at \$3,419,901, a decrease of \$51,298 from the QE 12/31/2022 valuation. This concluded the report.

KLAUSNER, KAUFMAN, JENSEN, & LEVINSON:

Mr. Kaufman advised the Board that he had no new information to report at this time regarding the Clarivate litigation. Arguments regarding dismissal of the case have been filed with the Court and attorneys are awaiting a ruling.

Mr. Kaufman advised that Governor DeSantis had signed H.B.3 and the State Division of Retirement will be requiring some new public plan reporting going forward. KKJ&L will advise us what changes in reporting will need to be instituted as the information is disseminated by the State. This concluded the report.

DULANEY & COMPANY ACTUARIAL:

Mr. Dulaney advised the Board that the October 1, 2022 Actuarial Valuation had been completed. The purpose of this report is to indicate appropriate contribution levels and to satisfy State requirements. This Actuarial Valuation develops the required minimum Retirement Plan payment for the fiscal year beginning October 1, 2022 and ending September 30, 2023 under the Florida Protection of Public Employee Retirement Benefits Act and Chapter 185.

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It is important to note that the smoothing period for this valuation was changed from a three-year smoothing period to a four-year smoothing period at the direction of the Board of Trustees, working in conjunction with Mr. Dulaney. This change in the smoothing period seeks to more evenly distribute the dramatic market fluctuations, both positive and negative, across an additional year of valuation.

NEW/UNFINISHED BUSINESS:

PLAN ADMINISTRATOR - PPA:

None

OPEN DISCUSSION:

None

ADJOURN:

A Motion was made at 3:42 p.m. to adjourn by Mr. Davis with a Second by Mr. Taylor. The Motion passed without dissent, 4/0.

The next meeting is tentatively scheduled for August 08, 2023, at 1:30 P.M.

CHAIRMAN FOR THE BOARD

DocuSigned by:



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Paul Ortenzo