

**TOWN OF DAVIE POLICE PENSION PLAN  
MEETING MINUTES  
May 21, 2024  
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 May 21, 2024, at 1:40 P.M. The meeting was conducted remotely due to continued concerns regarding the potential spread of Covid-19 and its innumerable variants. There was a quorum present to conduct an official meeting of the Davie Police Pension Plan Board of Trustees.

**TRUSTEES PRESENT:**

Mr. Paul Ortenzo – Chairman; Mr. Jack Mackie, Mr. Danny Perez, and Mr. Ed Taylor – Trustees. All Trustees were in attendance via remote access.

**ABSENT and/or EXCUSED:**

Mr. Larry Davis – excused absence

**OTHERS PRESENT:**

Mrs. Patty Ostrander – PPA Administrative Assistant; Mr. Adam Klausner – Klausner, Kaufman, Jensen, & Levinson; Mr. David Lee – Dahab & Associates; Mr. David Weeks and Mr. Tom Capobianco – LMCG (arrived at 1:50 P.M. and left at 2:05 P.M.); Mr. Jason Jarjosa – Bloomfield Capital (arrived at 2:05 P.M. and left at 2:41 P.M.) and Mr. Mike Lucci – Bloomfield Capital (arrived at 2:15 P.M. and left at 2:41 P.M.); Ms. Jenna Gerstenlauer & Ms. Lauren Walsh – Sound Mark Partners (arrived at 2:40 P.M. and left at 2:55 P.M.) and Mr. Don Dulaney – Dulaney & Company Actuarial (arrived at 2:03 p.m.)

All those present were in attendance via remote access.

**PUBLIC DISCUSSION:**

None received.

Town of Davie Police Pension Plan Minutes  
May 21, 2024  
Page 2 of 6

**NEW/UNFINISHED BUSINESS:**

None

**CONSENT AGENDA:**

None

**WARRANTS APPROVED BY BOARD:**

After review and consideration of Plan warrants #1900 – 1928 inclusive, a Motion to approve was made by Mr. Taylor, Seconded by Mr. Mackie. Motion passed 4/0.

**APPROVAL OF THE MINUTES:**

The Board reviewed the minutes from the February 13, 2024, quarterly meeting of the Town of Davie Police Pension Plan. A Motion was made to approve the minutes by Mr. Taylor, Seconded by Mr. Perez. Motion passed 4/0.

**ATTORNEY REPORT – KKJ&L:**

Reporting on behalf of KKJ&L was Mr. Adam Levinson. Mr. Levinson advised the Board of the importance of the submission of the Form 1 prior to the deadline so as to avoid any penalty which may be imposed by the State if received late.

There was no information available at this time for Mr. Levinson to provide an update for the Clarivate litigation status.

Additionally, Mr. Levinson advised that the IRS has recently changed the rules applicable to disabilities and the possible pension offsets. A memo of direction will be forthcoming from their firm. This concluded the report.

**ACTUARY REPORT – DULANEY & CO:**

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney spoke regarding the response to the Town Administrator that he, Chairman Ortenzo, and Attorney Kaufman had collaborated upon at the direction of the Board. The three were able to prepare an appropriate response to the concern expressed by the Town Administrator regarding Plan funding.

Mr. Dulaney advised the Board that the Florida State Division of Retirement had issued an opinion as to the State Report he had prepared and submitted.

Town of Davie Police Pension Plan Minutes

May 21, 2024

Page 3 of 6

They questioned what they perceived to be a shortfall in the Town having met its' funding requirement. Mr. Dulaney advised that he was able to speak with Julie Browning at the Division of Retirement and he walked her through the overpayment credits the Town had accumulated over the years and that in this particular report, the Town had actually chosen to utilize a portion of these "rainy day" monies they had on account in the Plan.

In that the Town of Davie had chosen to utilize some of the "rainy day funds," it appeared to the State of Florida that there was a shortfall in the Town contribution when there actually was none. Julie Browning concurred with the explanation provided by Mr. Dulaney in a telephone conference and stated that the report would be approved. This concluded the report.

**BLOOMFIELD CAPITAL PARTNERS:**

Presenting on behalf of Bloomfield Capital Partners was Mr. Jason Jarjosa and Mr. Mike Lucci. They advised that Bloomfield's deal origination platform and breadth of geographic and asset class experience provide their investors with a diversified portfolio of investments, with 224 investments totaling over \$1.2 billion invested.

Mr. Jarjosa advised that there will continue to be opportunities for investment going forward as bridge loans are in favor when banks and mortgage companies pull back on financing.

Mr. Jarjosa stated that although times have been difficult in real estate investing, they at Bloomfield are still confident they can continue to cultivate opportunities. He stated that Bloomfield deploys capital through two primary avenues: origins and acquisitions. Investments are generally sized, structured, and priced to provide diversification, reliable cash flows, and to maximize risk-adjusted returns.

Currently the Davie Police Pension Plan has committed a \$3.0m investment to Bloomfield Capital with a since inception (2019) net IRR of 8.3%. On March 31<sup>st</sup>, 2024, the Davie Police Pension Plan's Bloomfield Capital Bloomfield Capital Income Fund V- Series C Portfolio was valued at \$422,056, representing an increase of \$272,785 from the December quarter's ending value of \$149,271. Last quarter, the Fund posted net contributions equaling \$267,696 plus a net investment gain equaling \$5,089. Since there were no income receipts during the quarter, the portfolio's net investment return was the result of net realized and unrealized capital gains totaling \$5,089. This concluded the report.

Town of Davie Police Pension Plan Minutes

May 21, 2024

Page 4 of 6

**SERENITAS CREDIT/LMCG:**

Presenting on behalf of LMCG was Mr. David Weeks and Mr. Tom Capobianco. David Weeks is the Chief Investment Officer for the Serenitas investment team while Thomas Capobianco is responsible for developing new business within the Public Fund and Taft-Hartley marketplaces.

Mr. Weeks advised that the positive returns were driven mainly by the fund's mortgage credit holdings and that given the strong appreciation in some of the fund's mortgage credit holdings over this past year, they are selectively taking profits and moving the allocation to more senior bonds.

Mr. Weeks spoke regarding corporate credit buying opportunities noting that when perceived risk pushes default insurance premiums higher, the investment team believes it pays to buy corporate credit or sell default insurance with a cushion against defaults. Historically, default insurance premiums have not stayed at high levels for long and the team plans to add credit positions which can benefit from market improvement when these premiums are relatively high.

On March 31<sup>st</sup>, 2024, the Davie Police Pension Plan's Serenitas Credit Gamma Fund Series A portfolio was valued at \$10,747,144, representing an increase of \$83,591 from the December quarter's ending value of \$10,663,553. Last quarter, the Fund posted withdrawals totaling \$61,079, which offset the portfolio's net investment return of \$144,670. Since there were no income receipts for the first quarter, the portfolio's net investment return figure was the product of net realized and unrealized capital gains totaling \$144,670. For the QE 3/31/2024, the net of fees return was 0.8%, which exceeded the benchmark aggregate index return of -0.8% by 1.6%. This concluded the report.

**SOUND MARK PARTNERS:**

Presenting on behalf of Sound Mark Partners was Ms. Lauren Walsh and Ms. Jenna Gerstenlauer. Ms. Gerstenlauer advised the Board that AGC/Sound Mark currently has \$652m in capital deployed over 63 investments with a net IRR on realized investments of 9.5% and a 7.2% net annual distributed cash yield. That said, 2023 had 60% less transactions than previous years' experience and they attribute this mainly to the tightening imposed by banks and mortgage companies, as previously stated in the Bloomfield presentation.

Town of Davie Police Pension Plan Minutes

May 21, 2024

Page 5 of 6

On March 31<sup>st</sup>, 2024, the Davie Police Pension Plan's Sound Mark Partners Horizons Fund was valued at \$3,176,949, a decrease of \$2,150 from the December ending value of \$3,179,099.

Last quarter, the account recorded total net withdrawals of \$2,150 in contrast to flat net investment returns. Because there were no income receipts or capital gains or losses for the period, there were no net investment returns. Over the trailing year, the portfolio returned -5.8%, which was 5.5% above the benchmark return of -11.3%. Since December 2019, the portfolio returned 0.4% annualized, while the NCREIF NFI-ODCE Index returned an annualized 3.2% over the same period. This concluded the report.

**DAHAB ASSOCIATES:**

Reporting on behalf of Dahab Consulting was Mr. David Lee. During the QE 3/31/2024, the portfolio returned 4.3%, which was 0.5% below the Manager Shadow Index's return of 4.8% and ranked in the 59<sup>th</sup> percentile of the Public Fund universe. Over the trailing year, the portfolio returned 11.4%, which was 1.4% below the benchmark's 12.8% performance and ranked in the 78<sup>th</sup> percentile. Since March 2014, the portfolio returned 7.1% on an annualized basis and ranked in the 54<sup>th</sup> percentile. The Davie Police Manager Shadow Index returned an annualized 7.5% over the same time period.

As of March 31<sup>st</sup>, 2024, the Davie Police Pension Plan was valued at \$224,572,030, an increase of \$5,453,697 over the December ending quarter value of \$219,118,333. During the last three months, the fund posted withdrawals totaling \$3,902,627, which offset the fund's net investment gain of \$9,356,324. Income receipts totaling \$893,093 plus net realized and unrealized capital gains of \$8,463,231 combined to produce the portfolio's net investment return figure.

The Board expressed to Mr. Lee their lack of confidence in a few of the current managers and the corresponding lack of acceptable returns. Mr. Lee advised that the Plan was possibly positioned a little conservative which contributed to a failure to capture maximum returns. That said, he was prepared to suggest to the Board the following adjustments to the portfolio:

- 1) Move \$10m from GH&A to Serenitas - Motion by Mr. Perez and Seconded by Mr. Mackie. Motion approved 4/0.

Town of Davie Police Pension Plan Minutes

May 21, 2024

Page 6 of 6

- 2) Conduct a search for a new fixed income manager – No Motion Required.
- 3) Move Vanguard Small Cap Index account monies to active management with Wellington Trust Company – Motion by Mr. Perez and Seconded by Mr. Mackie. Motion approved 4/0.
- 4) Notify UBS - TPF & TPG of intent to redeem holdings and enter que for same – Motion by Mr. Taylor and Seconded by Mr. Perez. Motion approved 4/0.
- 5) Conduct a search for a new Value-Added Real Estate fund for possible reinvestment of UBS funds - No Motion Required.

This concluded the report.

**PLAN ADMINISTRATOR - PPA:**

No new information to share with the Board at this time.

**OPEN DISCUSSION:**

**ADJOURN:**

A Motion was made at 3:53 p. m. to adjourn by Mr. Perez with a Second by Mr. Mackie. The Motion passed without dissent, 4/0.

The next meeting is tentatively scheduled for August 13, 2024, at 1:30 P.M.

***CHAIRMAN FOR THE BOARD***

Signed by:

*Paul Ortenzo*

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***Paul Ortenzo***