

**TOWN OF DAVIE POLICE PENSION PLAN
MEETING MINUTES
August 13, 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 August 13, 2024, at 1:31 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. Larry Davis – Secretary; Mr. Jack Mackie, Mr. Danny Perez, and Mr. Ed Taylor – Trustees. All Trustees were in attendance via remote access.

ABSENT and/or EXCUSED:

None

OTHERS PRESENT:

Mrs. Patty Ostrander – PPA Administrative Assistant; Mr. Stu Kaufman – Klausner, Kaufman, Jensen, & Levinson; Mr. David Lee – Dahab & Associates; Ms. Lucy Schiller & Ms. Nicole Tetreault – Wellington (arrived at 1:40 P.M. and left at 2:00 P.M.); Mr. Joe Hudepohl & Mr. Jimmy Stafford – Atlanta Capital (arrived at 1:55 P.M. and left at 2:20 P.M.); Ms. Julie Pierro, Mr. Christopher Dearing, Mr. Mario Maturo and Mr. Derek Midiankiewicz – UBS (arrived at 2:25 P.M. and left at 3:15 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.

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NEW/UNFINISHED BUSINESS:

None

CONSENT AGENDA:

None

WARRANTS APPROVED BY BOARD:

After review and consideration of Plan warrants #1929 – 1972 inclusive, a Motion to approve was made by Mr. Davis, Seconded by Mr. Mackie. Motion passed 5/0.

APPROVAL OF THE MINUTES:

The Board reviewed the minutes from the May 21, 2024, quarterly meeting of the Town of Davie Police Pension Plan. A Motion was made to approve the minutes by Mr. Davis, Seconded by Mr. Taylor. Motion passed 5/0.

ATTORNEY REPORT – KKJ&L:

Reporting on behalf of KKJ&L was Mr. Stu Kaufman. Mr. Kaufman advised the Board of Trustees that the Clarivate litigation is still ongoing but currently stalled awaiting a legal opinion to be issued by the Judge presiding over the case.

The State of Florida has released the premium tax dollar amounts to be returned to participating jurisdictions. Mr. Kaufman advised that the Town of Davie Police Pension Plan share of 185 monies for this year would be \$1,511,247.67 (net). This concluded the report.

ACTUARY REPORT – DULANEY & CO:

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney spoke briefly about the 175/185 premium tax dollar history and how the amount rose once again, year over year. In the case of this Plan, it was previously contractually agreed that the monies would assist the Town in offsetting the total pension cost for the Plan benefits.

Mr. Dulaney advised that they are continuing prep work for the upcoming audit and did not anticipate any delays which would prevent the completed audit presentation in early February 2025 as the Town requested. This concluded the report.

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WELLINGTON MANAGEMENT:

Reporting on behalf of Wellington Management was Ms. Lucy Schiller & Ms. Nicole Tetreault. Ms. Schiller thanked the Board for their trust in Wellington and the process that they utilize. Their belief is that an opportunistic investment approach can result in differentiated sources of alpha, making it less dependent on the market environment. As markets, industries, and companies run in cycles, anticipating fundamental improvements, cyclical rebounds, or short-term mispricing can create investment opportunities.

With regard to returns on the WTC-CIF II Small Cap Opportunities fund, the Davie Police Pension Plan portfolio returns were flat for the QE 06/30/2024 at -3.3% which was equal to the benchmark Russell 2000. The strategy trailed the benchmark on the one-year return by 1.1%, outperformed on the three-year return by 4.2%, and since inception has outperformed the benchmark Russell 2000 by 1.0%. The report was completed with a snapshot forward that it is their belief that three rate reductions by the Federal Reserve Board are already priced into the market valuations. This concluded the report.

ATLANTA CAPITAL:

Reporting on behalf of Atlanta Capital was Mr. Jimmy Stafford and Mr. Joe Hudepohl. Mr. Stafford began with an overview of the Firm. He stated that Atlanta Capital currently has \$13.2 B in total client assets with \$2.7 B of those monies in the High Quality Focused Growth strategy. This is a concentrated portfolio in the team's highest conviction investment ideas yet designed to remain diversified across sectors. Utilizing a fundamental bottom-up investment process, the portfolio managers perform all fundamental analysis, and investment decisions are driven by consensus approach.

Mr. Hudepohl followed with investment returns. He advised the Board that for QE 06/30/2024, while the return was positive, the Atlanta Capital High Quality Focused Growth portfolio underperformed the benchmark Russell 1000 Growth Index by 6.1% net of fees, while the FYTD return also underperformed, by a substantial 14.3% net of fees. Mr. Hudepohl attributed these underperformances to three main causes;

- 1) Technology stock selection and underweight
- 2) Overweight in Financials, and
- 3) Overweight in Materials.

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Mr. Hudepohl advised that they remain confident in their investment strategies and process and it is their belief that returns will be improved upon. For the QE 06/30/2024, the portfolio exhibited underperformance compared to the index in three of the nine invested sectors. This concluded the report.

UBS-TRUMBULL PROPERTY FUND & TRUMBULL PROPERTY GROWTH:

Reporting on behalf of UBS was Ms. Julie Pierro, Mr. Christopher Dearing (TPF), Mr. Mario Naturo and Mr. Derek Midiankiewicz (TPG).

Ms. Pierro thanked the Board for their patience and commitment to the process but certainly understood the direction from the Board to begin liquidating the portfolio. She touched briefly on their belief that valuations are close to the bottom if not already there, eliminating the need for further write-downs with lower valuations. She then deferred to the investment team present on the call.

Reporting on behalf of the **Trumbull Property Fund** was Mr. Christopher Dearing who advised that the Trumbull Property Fund anticipates an appreciation in value this year rather than continuing losses. Currently the TPF portfolio is positioned with an overweight in apartments and industrial as compared to the benchmark NFI-ODCE, while remaining underweight in office, retail, and alternatives as compared to the benchmark. Mr. Dearing then referred to the redemption pool as it relates to our Plan investment. He stated that outstanding redemption requests total \$5.7B as of July 21, 2024 and there has been \$125M paid in redemptions through the same time frame. This concluded the TPF report.

Reporting on behalf of the **Trumbull Property Growth & Income Fund** was Mario Maturo and Derek Midiankiewicz. They advised the Board that this is not the time to exit their investment because their structure and strategy will be the catalyst for outperformance over the next eighteen months. Mr. Maturo advised that during 2Q2024, transaction volume was \$93B, which was significantly below the historical average and flat compared to a year earlier. However, this is the first quarter since 2Q2022 that the U.S. didn't experience volume decline year-over-year, indicating a potential turnaround in 2025.

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Mr. Midiankiewicz advised that it is their belief based upon market trends and Federal Reserve commentary, that interest rates will come down over the next twelve months. Slower growth in the labor market, a small increase in unemployment and continued progress reducing inflation suggests the Fed may have sufficient data-based evidence to cut the Federal Funds rate in September. While the timeframe within which these decreases may be accomplished is uncertain, a potential cut is raising optimism in private real estate. The TPG portfolio net returns has outperformed the NFI-ODCE net returns in eight of the last ten years and they are confident that this performance is repeatable. This concluded the report.

DAHAB ASSOCIATES:

Reporting on behalf of Dahab Consulting was Mr. David Lee. During the QE 6/30/2024, the portfolio returned 0.7%, which was 0.2% better than the Davie Police Manager Shadow Index's return of 0.5% and ranked in the 75th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 9.2%, which was 0.6% below the benchmark's 9.8% performance and ranked in the 77th percentile. Since June 2014, the portfolio returned 6.8% on an annualized basis and ranked in the 49th percentile. The Davie Police Manager Shadow Index returned an annualized 7.2% over the same time period.

As of June 30th, 2024, the Davie Police Pension Plan was valued at \$222,483,042, representing a decrease of \$2,172,283 relative to the March ending value of \$224,655,325. During the last three months, the portfolio posted withdrawals totaling \$3,715,404, which overshadowed the fund's net investment gain of \$1,543,121. The account's net investment return figure was comprised of income receipts totaling \$857,932 and net realized capital gains of \$685,189.

On June 30th, 2024, large cap equities comprised 34.7% of the total portfolio, while mid-cap equities totaled 7.9%. The account's small cap equity segment represented 12.0% of the portfolio, while the international equity component also totaled 12.0%. The real estate segment totaled 14.4% of the portfolio's value and the fixed income component made up 18.2%. The remaining 0.8% was comprised of cash and equivalents. This concluded the report.

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PLAN ADMINISTRATOR - PPA:

Mr. Brilliant presented the proposed 2024–2025 Administrative Budget as required by the State of Florida. A motion to accept the Administrative Budget was made by Mr. Mackie, seconded by Mr. Davis. The motion passed 5/0. This concluded the administrator's report.


OPEN DISCUSSION:

ADJOURN:

A Motion was made at 4:10 p. m. to adjourn by Mr. Taylor with a Second by Mr. Perez. The Motion passed without dissent, 5/0.

The next meeting is tentatively scheduled for November 12, 2024, at 1:30 P.M.

CHAIRMAN FOR THE BOARD

Signed by:

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Paul Ortenzo