

**TOWN OF DAVIE POLICE EMPLOYEES'
PENSION PLAN
MINUTES
May 10, 2011**

The regular meeting of the Board of Trustees of the Town of Davie Police Employees Pension Plan was called to order by Chairman Brilliant May 10, 2011 at 5:00 p.m. at Town of Davie Police Department at 1230 South Nob Hill Road in Davie, FL.

TRUSTEES PRESENT:

Chairman Greg Brilliant, Trustee Edward J. Taylor, Trustee Thomas DiMeglio, Trustee Jack Mackie, Trustee Larry Davis

ABSENT AND EXCUSED:

OTHERS PRESENT:

Fund Attorney Adam Levinson, Don DuLaney of DuLaney and Company, Police Members Jeffrey Arndt, Deneen Turner and Mike Harhai of Buckhead Capital, Janna Hamilton of Garcia Hamilton, Mr. James Pontone of Johnston Asset Management, David Lee of Dahab Associates and Livia Nixon of Benefits USA.

APPROVAL OF MINUTES:

April 12, 2011 Meeting Minutes

Trustee Davis moved to approve the April 12, 2011 meeting minutes. Trustee Taylor seconded the motion and it passed 5-0.

RATIFICATION OF DISBURSEMENTS

Warrants #154-156	\$67, 839.27
Pension Disbursement for Karen Tarala (beneficiary)	\$3,205.55

Ms. Nixon noted that the backup is in the Trustee packets for review. Trustee Mackie moved to ratify the paid disbursements. Trustee Taylor seconded the motion and the motion passed 5-0.

NEW BUSINESS:

There was no new business discussed at this meeting.

INVESTMENT REPORTS for period ending March 31, 2011

Buckhead Capital Management

Mr. Mike Harhai and Ms. Deneen Bingham were present. Mr. Harhai reported that the 1st quarter of 2011 was volatile with respect to the economy and financial considerations. Mr. Harhai reported that for the quarter the equities were up 6.43% slightly under the Russell 1000 Value index of 6.46%; and for the 1 year period the equities earned 10.56% vs. the index of 15.15% and for the 3 and 5 year periods the equities earned 2.00% vs. 0.60% and 1.55% vs. 1.38% respectively. Mr. Harhai reported that for the quarter the fixed income was also up by 0.48% over the Barclays Capital Aggregate of 0.42% and for the 1 year period, the fixed income earned 4.31% vs. 5.12%. Mr. Harhai reported that for the 3 and 5 year periods the fixed income was up by 5.49% vs. 5.30% and 6.68% vs. 6.02% respectively. Mr. Harhai reported that they added 2 new names Exxon and CME group to the portfolio and they sold Amdocs and Broadridge. Mr. Harhai said the best performer was H&R Block earning 43.5% for the quarter and the worst performer was Hudson City Bancorp, Inc. declining 28.1% for the quarter. Mr. Harhai reported that the asset allocation target is 50/50 and the fund currently holds 50.4%; in equities 46.4% in fixed income 3.2% in cash equivalents. Mr. Harhai thanked the Board for their business.

Davis Hamilton Jackson

Ms. Hamilton reported that for the quarter the fund earned 3.1% vs. the Blended Index of 2.7%. The equities earned 5.4% vs. 6.0% for the quarter. The fixed income earned 0.9% vs. 0.4% and for the trailing 12 months the S&P returned 15.7%. Ms. Hamilton said the stocks recovered all their losses since the financial crisis in 2008 posting their best 1st quarter returns since 1998 with the S&P rising 5.9% despite the Middle East uprisings, the earthquakes in Japan, the oil prices rising to \$100 a barrel and the accelerating food prices. The Growth and Value returns were comparable and materials and energy were the contributors to the lag in the benchmark. Ms. Hamilton reported that Whole Foods Market was the best performer earning 31% for the quarter and Marriott International was the worst performer losing -14% for the quarter. Ms. Hamilton said the fund is underweight in treasuries and overweight in Corporates. Ms. Hamilton also reported that they bought Fedex, GE, Goldman Sachs, Johnson Controls and Polaris Industries and they sold 3M, Abbott Labs, Marriott International, McCormick, NII holdings and UPS. Finally, Ms. Hamilton reported that the commissions recaptured totaled \$1,768.36. Ms. Hamilton thanked the Board for their business.

Johnston Asset Management

Mr. James Pontone reported that Johnston Asset Management now has 7 partners and 5 senior professionals. They have \$2.3 billion dollars currently under management. Mr. Pontone stated that for the quarter the fund earned 2.69% vs. the index of 3.41%. Since inception they underperformed by 9.74% and 10.56% respectively. Mr. Pontone reported that at the beginning 1st quarter the market value had an investment gain of \$131,000. Mr. Pontone said the fund assets started at \$4,600,000 and that since inception there was a gain of \$489,000 resulting in the ending market value of \$5,089,000. The MSCI and Emerging Markets were hurt by China & India's negative performance. The ACWI was 2.8% and the EAFE was 9% for the quarter. Mr. Pontone said that stock selection in the quarter was very good. The outperformers for the quarter were ASML earning 16.1%, Fresenius Medical earned 16.0% and SGS earned 10.8%. The underperformers were China Life down by -8.1%; Teva Pharmaceutical was down by -3.4% and ICICI Bank

was down by -1.6%. Mr. Pontone reported that they added Mitsui & Company, Repsol YPF and Tencent Holdings; they sold ARM Holdings, HSBC Holdings Societe Generale & Telefonica. Mr. Pontone reported that the commodity prices are increasing, consumer spending is expected to remain relatively subdued, credit growth remains weak; however the equities are attractively valued; and short term rates are near zero. Mr. Pontone said they will continue to focus on high quality stocks. Mr. Pontone thanked the Board for their business and left the meeting.

Dahab Consulting

Mr. Lee reported that for the first quarter the total fund earned 4.2% vs. the index of 4.1% Garcia Hamilton's Large Cap Growth Equity fund gained 5.3% below the growth index of 6.0% and ranking in the 62nd percentile. Buckhead's Large Cap Value Equity gained 6.5% and was in line with the Russell 1000 Value index ranking in the 57th percentile. RhumbLine's Mid Cap earned 9.4% and matched the S&P 400 index and ranking in the 32nd percentile; TAMRO's small cap earned 8.6% over the Russell 2000 index of 7.9% and ranking in the 49th percentile; Johnston's International equity earned 2.8% ranking in the 63rd percentile and SSgA's International Equity earned 3.4% ranking in the 46th percentile under the index of 3.5% respectively. The Buckhead Core Fixed Income earned 0.5% ranking in the 68th percentile and the Garcia Hamilton Core fixed income earned 0.9% ranking in the 37th percentile. Garcia Hamilton's fixed income was 0.5% greater than the fixed income index return of 0.4% and Buckhead's fixed income was 0.1% greater than the fixed income return respectively.

Mr. Lee reported that the asset allocation as of March 31, 2011 was 50.4% or (\$15.4 million); the fixed income totaled 47.4% or (14.4 million) and the cash and cash equivalents totaled 2.5% or (\$763,373).

Mr. Lee reported that now that the Fund holds real estate, the returns for the DROP statements will be delayed about 7 weeks. Mr. DuLaney said they need to get direction from the Board on how to handle this because they need monthly returns even though the DROP statements are prepared quarterly. Mr. DuLaney said that there is one option; that Mr. Lee could give returns without real estate returns however that would not be a good option to take. After a lengthy discussion it was determined that the Board would like the DROP statements to be accurate and to include the real estate returns whenever they become available.

Ms. Nixon asked if a letter should be sent to the DROP members regarding the delay and Chairman Brilliant said yes. It was determined that the letter should read "due to the fund holding real estate in the portfolio, there will be a delay in receiving your DROP statements by approximately 7 weeks". Ms. Nixon said she would prepare the letter for the attorneys' review.

Mr. DuLaney asked if a member exits the DROP at month end and wants to take his full balance from the DROP, how should that be handled? It was determined that member can receive 85% at the time they exit and the remaining 15% after the quarterly returns are received.

UNFINISHED BUSINESS:

Update on Investment Guidelines

Mr. Lee reported that the addendums were made to the investments as previously discussed and noted that the Buckhead allocation should be increased.

ACTUARY REPORT:

Mr. DuLaney reported that they had been asked to prepare the cost of permissive service credit purchase for Officer Keith Rubin with various benefit accrual factors. The cost as of June 1, 2011 to purchase the 1.0%, 10% & 15% and were \$9,227, \$92,451 & \$137,452 respectively and were based on the criteria noted in the calculations.

ATTORNEY REPORT:

Attorney Levinson reported on the change to the March 8, minutes stating that the only change should be that the check register is a dangerous document to be sent in the mail and that Salem Trust should not mail the check registers any longer until they can remove the social security numbers.

Attorney Levinson handed out the DROP application and went over the changes that need to be made. The first and most important change is the removal of the social security numbers. Another change was that the member can enter the DROP for a maximum of 60 months and deleted the sentence that says they can enter from the earliest date of eligibility; however the member can elect to stay in the DROP for less than 60 months, the next change was the deletion of the sentence that reads for every year that a member postpones DROP entry the member loses a year of DROP participation. As previously discussed, a member can only receive 85% of their DROP distribution upon exiting the DROP until the final investment returns are received.

Attorney Levinson also reported on the recent legislature stating that the big legislative push is far different. The Florida Retirement System made various changes; one being the COLA is being eliminated, the Employer contributions are being reduced from 23% to 10%, the normal retirement age is being increased and the members in Florida Retirement System will now have to contribute 3%. Attorney Levinson reported that all of the changes are listed on the Division of Retirements' website.

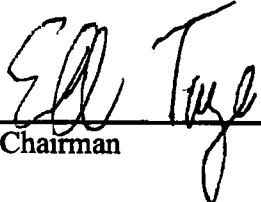
ADMINISTRATOR REPORT:

Ms. Nixon reported that Mrs. Tarala had been paid her monthly retirement benefit and that she is only waiting for the DROP statements to pay Mrs. Tarala the DROP money due to her.

NEXT MEETING DATE: June 14, 2011 – Regular Meeting

ADJOURNMENT:

The meeting was duly adjourned at 7:30 p.m.



Chairman