

**TOWN OF DAVIE POLICE PENSION PLAN**  
**Minutes**

October 8, 2013

The regular meeting of the Board of Trustees of the Town of Davie Police Officers' Pension Plan was called to order on behalf of the Board by the Plan Administrator, Bob Dorn, on October 8, 2013 at 5:07 p.m. at the Town of Davie Police Department, 1230 South Nob Hill Road in Davie, Florida.

**TRUSTEES PRESENT:**

Mr. Greg Brilliant –Chairman, Mr. Larry Davis-Secretary, Mr. Jack Mackie-Trustee, Mr. Ed Taylor-Trustee and Mr. Thomas DiMeglio-Trustee.

Note: There was a quorum present to conduct an official meeting.

**OTHERS PRESENT:**

Mr. Adam Levinson- Board Attorney; Mr. Bob Dorn and Mrs. Patty Ostrander – Precision Pension Administration, Inc.: Mr. Don Dulaney- Actuary for Dulaney & Company: David Lee –Dahab & Associates.

**CONSENT AGENDA**

**APPROVAL OF MINUTES:**

The Board of Trustees reviewed the minutes for the September 10, 2013 meeting. Mr. Dorn asked if there were any changes that needed to be made. Mr. Mackie made a Motion to approve the minutes as amended. Mr. Taylor seconded the Motion. The Motion passed 5-0. Mr. Brilliant signed the minutes as acting chair for this meeting.

**WARRANT RATIFICATION/APPROVAL**

The Board members (Mr. Brilliant, Mr. DiMeglio and Plan Administrator Mr. Dorn) had to execute several warrants prior to this meeting. These warrants were numbered 408, 409, 410, and 411. The Board reviewed each warrant individually. Mr. Davis made a Motion to approve all of these warrants. Mr. Mackie seconded this Motion. The Motion passed 5-0

**WARRANT 408:**

This Warrant was for payment to Dulaney & Associates for actuarial services rendered through August/2013. This Warrant amount is for \$2,872.25. This was approved via a ratification vote. (See above. Mr. Davis made a Motion to approve all of these warrants. Mr. Mackie seconded this Motion. The Motion passed 5-0)

**WARRANT 409:**

This Warrant was for payment to Klausner, Kaufman, Jensen & Levinson for legal services rendered through August 29, 2013. This Warrant amount is for \$750.00. This was approved via a ratification vote. (See above. Mr. Davis made a Motion to approve all of these warrants. Mr. Mackie seconded this Motion. The Motion passed 5-0)

**WARRANT 410:**

This Warrant was for payment to Retired Member John Brigido from his DROP account. This Warrant amount is for \$69,164.11. This was approved via a ratification vote. (See above. Mr. Davis made a Motion to approve all of these warrants. Mr. Mackie seconded this Motion. The Motion passed 5-0)

**WARRANT 411:**

This Warrant was for payment to Retired Member James Carney from his DROP. This Warrant amount is for \$21,400.00. This was approved via a ratification vote. (See above. Mr. Davis made a Motion to approve all of these warrants. Mr. Mackie seconded this Motion. The Motion passed 5-0)

**WARRANT 412:**

This Warrant was for payment to Precision Pension Administration for June/2013 newsletter. This Warrant amount is for \$500.00. Mr. Taylor made the Motion to approve this Warrant. Mr. Mackie seconded this Motion. The Motion passed 5-0.

**WARRANT 413:**

This Warrant was for payment to Dahab & Associates for professional services rendered from 7/1/13 through 9/30/13. This Warrant amount is for \$10,750.00. Mr. Taylor made the Motion to approve this Warrant. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**WARRANT 414:**

This Warrant was for payment to Klausner, Kaufman, Jensen & Levinson for legal services rendered through September/2013. This Warrant amount is for \$1,354.50. Mr. Taylor made the Motion to approve this Warrant. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**WARRANT 415:**

This Warrant was for payment to Dulaney & Company for actuarial services rendered through September/2013. This Warrant amount is for \$2,753.75. Mr. Taylor made the Motion to approve this Warrant. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**WARRANT 416:**

This Warrant was for payment to Retired member John Brigido for the remaining portion of his DROP account. This Warrant amount is for \$17,291.03. Mr. Taylor made the Motion to approve this Warrant with verification from the actuary once the Salem Trust bank statements are released. Mr. DiMeglio seconded this Motion. The Motion passed 5-0.

**OLD BUSINESS:**

Mr. Dorn advised the Board that Mr. Jenkins financial situation has not changed. The Board acknowledged this.

**NEW BUSINESS:**

There was no new business.

**MONITOR'S REPORT:**

Mr. Lee gave a presentation of a review of what he advised in the previous meeting. Mr. Lee advised that at the previous meeting the Board moved funds to the Small Cap and Mid Cap to increase their allocation to 10% each, Mr. Lee advised that he has two main goals for this meeting for his presentation to the Board and they are as follows: (1) new bond performance benchmark to compare to the bond funds and (2) index a portion of the Large Cap funds.

Mr. Lee advised that he would suggest to the Board to reallocate 10 million from the Large Cap funds to a Large Cap Index fund. Mr. Lee then showed the Board three S & P 500 Index Funds. The funds are (1) AFL-CIO, (2) Rhumblin and (3) Vanguard.

Mr. Lee advised that the AFL-CIO fund is located in Bethesda, MD. The fund has 3.5 billion assets in their product and they have a commingled fund. Their fees are 2 basis points. In 2012 they returned 15.95%. The return for the first quarter for 2013 was 10.58% and the return for the second quarter for 2013 was 2.91%.

Mr. Lee advised that the Rhumblin fund is located in Boston, MA. The fund has 9.6 billion assets in their product and they have a mutual fund. Their fees are 7 basis points. In 2012 they returned 16.02%. The return for the first quarter for 2013 was 10.64% and the return for the second quarter for 2013 was 2.90%. Their three year return was 18.46%.

Mr. Lee advised that the Vanguard fund is located in Malvern, PA. The fund has 146.9 billion assets in their product and they have a mutual fund. Their fees are 4 basis points. In 2012 they returned 15.98%. The return for the first quarter for 2013 was 10.60% and the return for the second quarter for 2013 was 2.91%. Their three year return was 18.43%.

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Mr. Lee advised that all three funds are modest. The Vanguard fund is net of fees and the other two are gross of fees. Mr. Levinson advised that it is an advantage in having the funds published. Mr. Lee advised that the investment would be funded by taking 5 million from Buckhead and 5 million from Garcia, Hamilton & Associates.

The Board then discussed whether they wanted to have an index fund instead of an active manager. Mr. Lee compared the index funds with the active managers over a three and five year period. Mr. Lee advised that both active managers give the fund protection on the downside and not as much on the upside. Mr. Lee advised that he is surprised on how well both managers have kept up with the index funds based on their styles. Mr. DiMeglio advised that a Large Cap Index fund would give the fund more diversification and the fees will not have a great impact on the fund. Mr. Brilliant, Mr. Davis and Mr. Mackie advised that they would prefer to have smaller transfer allocations. Mr. Lee proposed to have two transfers taking 2.5 million from each Large Cap manager six weeks apart to reach the proposed goal of 10 million in the index fund. The Board all agreed to this.

Mr. Lee then stated the three index funds again to the Board and asked the Board which index fund they wanted to invest into. Each Trustee spoke about each one of the index funds and they all agreed to invest into the Vanguard fund. Mr. Davis made a Motion to reallocate 2.5 million from each of the Large Cap Managers and invest these funds into the Vanguard fund. Mr. DiMeglio seconded the Motion. The Motion passed 5-0.

Mr. Lee then advised that he wants to shorten the duration of the bonds invested by Buckhead which should be a little less riskier for the plan. Mr. Lee advised that the new benchmark for Buckhead for the bond investment would be the Barclay's Intermediate Government/Credit Index. The Board agreed with this change. Mr. Mackie made a Motion to change the benchmark for Buckhead bond fund to the Barclay's Intermediate Government/Credit Index. Mr. Taylor seconded this Motion. The Motion passed 5-0.

The Board discussed whether the Garcia, Hamilton & Associates can meet or beat the benchmark if the interest rate rises. The Board then discussed various other vehicles to invest in other than bonds. Mr. Lee advised that the emerging markets have been very volatile and in his opinion not a safe investment at this time. Mr. Lee did advise the Board of several loan products and triple net leasing products. The Board was interested in this. Mr. Lee advised that he would come to the December meeting to give training, education and other information about these products. The Board agreed to this.

Mr. Lee advised that he will make the following changes to the Investment Guidelines for the Plan: (1) change the new benchmark (Barclay's Intermediate Government/Credit Index) for Buckhead Bond fund, (2) new allocation for the Intercontinental Real Estate Fund, (3) the allocation percentage for the Small Cap and Mid Cap Funds, (4) allocation to the Vanguard fund, (5) all language changes referring to the Town of Davie Police Pension Plan. Mr. Mackie made a Motion to approve all of these changes to the Investment Guidelines and for any two Board members to execute the new document. Mr. Taylor seconded the Motion. The Motion passed 5-0.

The Board then discussed with Mr. Lee about the current reporting issues with Salem Trust Bank statements over the last few months. The problem occurred because of Salem trust transfer of a new operating system within their company. The initial bank statements were incorrect and Salem Trust then took on procedures to correct the situation by hiring an outside firm to review all transactions and reporting since the change in computer system. The releasing of banks statements have been a problem. Mr. Lee advised of the frustration with the changing deadlines for bank statements being supplied by Salem Trust. The Board discussed this issue. The bank statements are the official record for the Board's investments. The problems with this issue have caused the Board to be unsatisfied with the performance of Salem Trust. The Board suggested to Mr. Lee to see if there are any other custodian banks that the Plan could use in the future if they wanted to make a change. The Board directed Mr. Lee to conduct a search for a potential new custodian for the plan. The Board wants to interview the potential new custodians at the next meeting starting at 4 p.m. Mr. Lee agreed with this and will make the necessary arrangements.

**ATTORNEY'S REPORT:**

Mr. Levinson advised that the IRS is reviewing the DROP plans and that they do not want negative returns for the DROP contributions. Mr. Levinson advised that this will need to be further reviewed with the IRS over time.

Mr. Levinson submitted to the Board the proposed administrative rules for the Board to review and approve. The Board decided to have a sign in list for person(s) wanting to speak to the Board. Mr. DiMeglio made a Motion to approve the administrative rules for Board meeting. Mr. Mackie seconded the Motion. The Motion passed 5-0.

**ACTUARY'S REPORT:**

Mr. Dulaney asked the Board whether they want him to reissue the DROP statements along with a cover letter or just a cover letter to the members. Mr. Brilliant advised that he would like a cover letter and reissuing the statements. Mr. Levinson advised that Salem Trust should cover any expense because of the wrong bank statements. The Board agreed with Mr. Brilliant's suggestion. Mr. Dulaney acknowledged this.

Mr. Dulaney advised that he will be working with the auditor to ensure the Town of Davie's request date in January is achieved.

**PLAN ADMINSTRATOR'S REPORT:**

Mr. Dorn advised that they are working with the Auditor in the audit process for the Board.

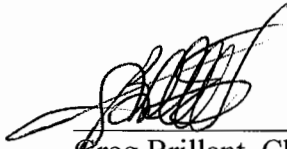
**OPEN DISCUSSION:**

No discussion.

**ADJOURNMENT:**

Mr. Mackie made a Motion to adjourn the meeting. Mr. DiMeglio seconded the Motion. The Motion passed 5-0. The meeting was adjourned at 7:09 p.m.

The next meeting date is November 12, 2013 at 4:00 p.m.

A handwritten signature in black ink, appearing to read 'Greg Brilliant', written over a horizontal line.

Greg Brilliant, Chairman