

TOWN OF DAVIE POLICE PENSION PLAN

Minutes

November 11, 2014

5:00 P.M.

The regular meeting of the Board of Trustees of the Town of Davie Police Pension Plan was called to order on behalf of the Board by the Plan Administrator, Bob Dorn on November 11, 2014 at 5:02 p.m. at the Precision Pension Administration Office located at 13790 N.W. 4th Street, Suite 105 located in Sunrise, Florida.

TRUSTEES PRESENT:

Mr. Larry Davis, Secretary, Mr. Jack Mackie, Mr. Thomas DiMeglio & Mr. Ed Taylor, Board Trustees.

ABSENT:

Mr. Greg Brilliant

OTHERS PRESENT:

Mr. Adam Levinson - Board Attorney; Mr. David Lee & Mr. Gregory McNeillie - Board Investment Monitors; Mr. Don Dulaney - Board Actuary; Mr. Bob Dorn & Mrs. Patty Ostrander - Precision Pension Administration, Inc.; Mr. Dave Griffin - Buckhead Capital Management & Mrs. Janna Hamilton - Garcia Hamilton & Associates.

It should be noted that there was a quorum for the Board to have an official meeting.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board of Trustees reviewed the minutes for the October 14, 2014 meeting. Mr. Dorn asked if there were any changes required to the cited minutes. Changes were made by Mr. Taylor & Mr. Davis. Motion by Mr. Taylor to approve the amended minutes, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 545

Payment of \$63.75 to Fiduciary Trust for quarterly custodial fees for the R & D Account for the period ending 06-30-14. Motion by Mr. DiMeglio to approve as outlined, seconded by Mr. Taylor. Motion passed 4-0.

WARRANT 546

Payment of \$796.25 to Greg Brilliant for October 2014 FPPTA Trustee School reimbursement. Motion by Mr. DiMeglio to approve as outlined, seconded by Mr. Davis. Motion passed 4-0.

WARRANT 547

Payment of \$710.13 to Tom DiMeglio for October 2014 FPPTA Trustee School reimbursement. Motion by Mr. Taylor to approve as outlined, seconded by Mr. Davis. Motion passed 4-0.

WARRANT 548

Payment of \$826.82 to Jack Mackie for October 2014 FPPTA Trustee School reimbursement. Motion by Mr. DiMeglio to approve as outlined, seconded by Mr. Davis. Motion passed 4-0.

WARRANT 549

Payment of \$22,013.87 to TAMRO Capital Partners, LLC for Quarterly Management Fees for quarter ending 09-30-14. Motion by Mr. DiMeglio to approve as outlined, seconded by Mr. Davis. Motion passed 4-0.

WARRANT 550

Payment of \$3,575.00 to Dulaney & Company for services rendered through September 2014. Motion by Mr. DiMeglio to approve as outlined, seconded by Mr. Mackie. Motion passed 4-0.

WARRANT 551

Payment of \$407,479.51 (As per our Board Actuary) to Ronald Batterson as a DROP Rollover into a Qualified Plan. Motion by Mr. Taylor to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 552

Payment of \$14,046.17 to Garcia Hamilton & Associates (Equity) for services rendered for the quarter ending 09-30-14. Motion by Mr. Taylor to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 553

Payment of \$15,651.02 to Buckhead Capital Management (Equity) for services rendered for the quarter ending 09-30-14. Motion by Mr. Taylor to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 554

Payment of \$3,000.00 to Goldstein Schechter Koch for progress billing for Audit Services for the year ended 09-30-14. Motion by Mr. Taylor to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 555

Payment of \$600.00 to FPPTA for 2015 Annual Membership Fees. Motion by Mr. Taylor to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 556

Payment of \$30.00 to FPPTA for Re-Certification fees for 2015 – Jack Mackie. Motion by Mr. Taylor to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 557

Payment of \$835.00 to International Foundation of Employee Benefit Plans (IFEPP) for 2015 Annual Membership Fees. Motion by Mr. DiMeglio to approve as outlined, seconded by Mr. Taylor. Motion passed 4-0.

WARRANT 558

This warrant is for Partial DROP Distribution per the administrative rule where members must take a minimum ten dollar disbursement per year. The Board decided to put this warrant on the next meeting. This Warrant is Pending.

WARRANT 559

2015 COLA Adjustments as per the Board Actuary. Motion by Mr. Mackie to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 560

Payment of \$1,832.25 to Klausner, Kaufman, Jensen & Levinson for legal services through October 31, 2014. Motion by Mr. Mackie to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 561

Payment of \$13,573.81 to Garcia Hamilton & Associates (Fixed) for services rendered for the quarter ending 09-30-14. Motion by Mr. Taylor to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

WARRANT 562

Payment of \$102,029.02 (As per our Board Actuary) to Elizabeth Legacki as a DROP Rollover into a Qualified Plan. Motion by Mr. DiMeglio to approve as outlined, seconded by Mr. Mackie. Motion passed 4-0.

WARRANT 563

Payment of \$30.00 to FPPTA for Re-Certification fees for 2015 – Ed Taylor. Motion by Mr. Davis to approve as outlined, seconded by Mr. Mackie. Motion passed 4-0.

WARRANT 564

Payment of \$804.68 to Ed Taylor for October 2014 FPPTA Trustee School reimbursement. Motion by Mr. DiMeglio to approve as outlined, seconded by Mr. Mackie. Motion passed 4-0.

WARRANT 565

Payment of \$30.00 to FPPTA for Re-Certification fees for 2015 – Larry Davis. Motion by Mr. Taylor to approve as outlined, seconded by Mr. DiMeglio. Motion passed 4-0.

NEW / UNFINISHED BUSINESS:

There was no new or unfinished business.

GARCIA HAMILTON

Mrs. Janna Hamilton advised that their equity investment philosophy has not changed. She gave a brief overview of the market. Large Cap stocks were favored in the quarter with a slight tilt toward higher quality names. Small Caps and energy stocks did not do well during the quarter. Consensus S & P 500 Index earnings are forecasted to grow 6% in 2014, followed by an 8% increase in 2015. Market valuations at 16x forward earning are reasonable in today's low interest rate environment.

Mrs. Hamilton indicated that as of 09-30-14, the Equity portfolio had a market value of \$11,236,935.75. Our asset allocation was 96.3% in equities and 3.7% in cash & equivalents. The portfolio gained during the quarter which outperformed the benchmark. The total gross quarterly performance was 2.7%. Equities returned 3.0% compared to the Russell 1000 Growth which had 1.5%.

Stock selection contributed 175 basis points of performance. Solid contributions came from several holdings including CVS Health, eBay, Family Dollar, Goldman Sachs, Home Depot, Nike and Ross Stores. Market outlook remains constructive based on Federal Reserve Liquidity and upper single digit earnings growth. The portfolio remains conservatively positioned with a meaningful overweight in high quality stocks balanced by exposure to asset management companies to benefit from rising financial markets.

The Fixed Income portfolio had a market value of \$33,493,979.72. Our asset allocation is 99.7% in fixed income and 0.3% in cash & equivalents. The total gross quarterly performance was 0.6% compared to the Barclays Capital Aggregate which had 0.2%. The spread product was out of favor as all four sectors (Mortgages, Treasuries, Agencies and Corporates) delivered a negative excess return. Our duration remains marginally longer than the benchmark index. We have significantly reduced our exposure to corporate bonds given the recent spread tightening and are now underweight versus the index. In the short term, we continue to believe rates will remain range-bound with a bias lower.

BUCKHEAD

Mr. Dave Griffin indicated that there were no changes to our investment process and gave a brief market review for the Board. Mr. Griffin advised that half of the economic sectors had negative returns in the quarter with lower energy prices leading that sector. Large Cap stocks outperformed small caps stocks. The performance of growth and value stocks also diverged sharply with growth stocks outperforming value stocks among both large and small caps.

During the third quarter, we initiated a position in Citrix Systems, which provides virtualization, networking, and cloud infrastructure products and services to companies worldwide. We increased our positions in NOW, Inc, Johnson & Johnson, and Procter & Gamble. We exited our positions in BB&T, while we reduced our holding of Comcast, Cisco, ConocoPhillips, Devon, Disney and Halliburton.

Mr. Griffin advised that as of 09-30-14, the small cap portfolio had a market value of \$11,520,739. Our value equity composite was 0.77%, as compared to -0.19% for the Russell 1000 Value. Since the inception date of October 2003, the portfolio had an annualized return of 7.70% vs. 8.784% for the Russell 1000 Value.

Given the current market conditions, Buckhead Capital continues to focus on managing risk in client portfolios, seeking the most attractively valued companies that possess solid balance sheets, strong free cash flow, and shareholder-friendly capital allocation policies. While controlling risk at market high returns can hurt performance, historically it has led to better relative performance, with lower volatility over a full market cycle. Our primary goal remains the same: to help our clients achieve the long-term returns they require to meet their goals, while taking no more risk than necessary to do so. Mr. Griffin thanks the Board for the opportunity to allow his company to service the plan.

DAHAB ASSOCIATES

Mr. David Lee indicated that as of 09-30-14, the Plan Value was \$119,429,879. The fiscal year to date return is 9.5% for the plan. The 3 year return for the plan is 13.0%.

At the end of the 3rd quarter, large cap equities comprised 34.9% of the total portfolio (\$41.7 million), while mid cap equities totaled 9.8% (\$11.7 million). The account's small cap equity segment was valued at \$10.3 million, representing 8.6% of the portfolio, while the international equity component's \$11.2 million totaled 9.4%. The real estate segment totaled 8.0% of the portfolio's value and the fixed income component made up 27.2% (\$32.5 million). The remaining 2.1% was comprised of cash & equivalents (\$2.5 million). The portfolio is slightly over

weighted in large cap funds and slightly underweighted in International funds at this time. Mr. Lee advised that he believes that this is acceptable at this point.

The quarter returns were as follows: Vanguard (Large Core) was 1.1% as compared to the S&P 500 of 1.1%, Garcia Equity (Large Cap Growth) was 3.0% as compared to the Russell 1000 Growth of 1.5%, Buckhead Equity (Large Cap Value) was 0.7% as compared to the Russell 1000 Value of -0.2%, Rhumblin (Mid Cap) was -4.0% as compared to the S&P 400 of -4.0%, TAMRO (Small Cap) was -7.5% as compared to the Russell 2000 Value of -7.4%, Johnston and SSgA (International Equities) respectively at -1.6% and -5.8% as compared to the MSCI EAFE of -5.8% and American Realty, Intercontinental & UBS respectively at 3.4%, 3.8% and 3.2% as compared to the NCREIF NFI-ODCE index of 3.2%, Garcia Fixed (Core Fixed) was 0.6% as compared to the Custom Fixed Income Index of 0.1%

Mr. Lee will update the Investment Guidelines and bring them to the December meeting. Mr. Lee advised that he did a value manager investment search and inquired whether the Board wants to review this. The Board agreed and will review the search at the December meeting.

ATTORNEY REPORT:

Mr. Levinson advised the Board that he reviewed the Homenick Divorce paperwork. The settlement agreement between the Mr. & Mrs. Homenick has no impact on the Plan in its current form but they still have to have a judge agree to this.

Mr. Levinson advised the Board that we are the lead plaintiff for the CommVault lawsuit. He stated that the deadline is tomorrow so he will have more information at the December meeting. Mr. Levinson advised that he did have a discussion with Mr. Ackerman (Town of Davie Finance Director) regarding this issue and had to forward him several documents regarding the plan. Mr. Ackerman did not have any issues with the lawsuit.

Mr. Levinson discussed the IRS 457 limits for the up-coming year with the Board.

Mr. Levinson notified the Board that American Realty is changing corporate structure and their name from an LLC to an LP. This action will allow the company to receive different investment entities. Mr. Lee advised that he also reviewed the changes proposed by the company and did not have any issues if the Board approved of the changes. A Motion was made by Mr. Davis to consent to the change and to execute the necessary documents; motion was seconded by Mr.

Mackie. Motion passed 4-0. Mr. Davis executed the documents. Mr. Dorn advised that he will mail this consent out to the company tomorrow morning.

Mr. Levinson talked about the Division of Retirement SB534 and complying with it 60 days after the 2015 Actuarial Valuation Report is approved. Mr. Levinson is suggesting a 2-3 page fact sheet be prepared by the Actuary, Investment Monitor & Attorney together. He is suggesting that the fact sheet possibly contain the long term returns (25 year or inception returns), SB 534 disclaimer (that the Plan will never become insolvent because it is actuarially funded by the Town, Members and State), summarize Investment Policy, counter-example to the SB 534 run out date, graph of asset growth since inception and amortization schedule which would summarize the unfounded liability and actuarial method. He suggested that this be prepared and put on the website. Mr. Levinson will send an e-mail to the Actuary, Investment Monitor, Trustees & Plan Administrator. Mr. Lee asked if this form would need to be updated on a yearly basis and Mr. Levinson said it doesn't have to be.

ACTUARY:

Mr. Dulaney updated the COLA spread sheet but this form did not include COLA's for spouses or beneficiaries. Mr. Dorn advised the Board that he believes that all spouses and any beneficiaries deserve to have a COLA based upon the Town Ordinance 2001-15, the summary plan description and the actuarial valuation document. Mr. Levinson advised that he reviewed the documents and it appears that the spouses and beneficiaries can receive COLA's. The Board agreed to this. The next issue for this topic was how long is the COLA and what is the maximum amount the beneficiaries will receive. Mr. Davis asked the Board to move this issue to the next meeting when we have a full Board and have time to review this issue. By consensus, the Board agreed.

Mr. Dulaney advised that he will be sending the DROP forms for the retirees this week.

Mr. Dulaney inquired if anyone has heard from the Town of Davie on the proposed assumption changes. Mr. Dorn advised that he and Mr. Brilliant have spoken to Mr. Ackerman for input on this issue. Mr. Dorn advised that the Town should have input to the Board prior to the next meeting.

Mr. Dulaney advised that he has hired a new associate for his company and she will be starting in early 2015.

PLAN ADMINISTRATOR:

Mr. Dorn advised that he will keep the Board up to date on the Homenick File.

Mr. Dorn advised that Mr. Batterson is transferring his entire DROP account to another qualified plan. This will be completed in two transfers based upon the actuary's numbers. The Board acknowledges this.

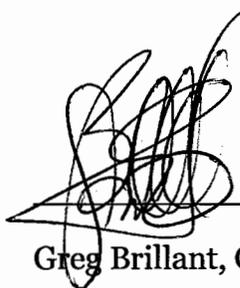
Mr. Dorn advised that the audit is going on schedule at this point and will keep the Board updated.

OPEN DISCUSSION:

No Open Discussion.

ADJOURN:

Mr. Mackie made a Motion to adjourn the meeting, seconded by Mr. Taylor. Motion passed 4-0. The meeting was adjourned at 7:10 p.m.



Greg Brilliant, Chairman