

TOWN OF DAVIE POLICE PENSION PLAN

Minutes

April 12, 2016

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 April 12, 2016 at 5:00 P.M. at 13790 N.W. 4th Street, Suite 105, Sunrise, Florida.

TRUSTEES PRESENT:

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

ABSENT:

None

OTHERS PRESENT:

Mr. Adam Levinson Board Attorney; Mr. Bob Dorn, Plan Administrator – Precision Pension Administration, Inc.; Patty Ostrander – Precision Pension Administration, Inc. (left at 6:10 PM); Mr. Don Dulaney – Dulaney & Associates; Mr. James Liberto; Mr. Leone; & Rich Moore – Davie Police Officers.

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

PUBLIC DISCUSSION:

No public comments presented.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board of Trustees reviewed the minutes for the February 9, 2016 meeting. Mr. Dorn inquired if there were any changes required to the cited minutes. Several changes were offered which were duly noted. A Motion was made by Mr. Davis to approve the minutes. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

The Board of Trustees reviewed the minutes for the February 17, 2016 meeting. Mr. Dorn inquired if there were any changes required to the cited minutes. No changes were made. A Motion was made by Mr. Davis to approve the minutes. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 736

This Warrant was to Snow Capital Management for Investment Management fees from 01-01-16 through 02-17-16. The amount of this Warrant is \$2,870.00. A Motion was made by Mr. Mackie to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 737

This Warrant was to Lyrical Asset Management for Investment Management fees for the first quarter of 2016. The amount of this Warrant is \$1,730.77. A Motion was made by Mr. DiMeglio to approve as outlined. The Motion was seconded by Mr. Taylor. The Motion passed 5-0.

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WARRANT 738

This Warrant was to Fiduciary Trust International for Custodial Fees for the period ending 12/31/15 for the Lyrical account. The amount of this Warrant is \$610.77. A Motion was made by Mr. Davis to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 739

This Warrant was to Fiduciary Trust International for Custodial Fees for the period ending 09/30/15 for the Snow Capital account. The amount of this Warrant is \$511.83. A Motion was made by Mr. DiMeglio to approve as outlined. The Motion was seconded by Mr. Davis... The Motion passed 5-0.

WARRANT 740

This Warrant was to Fiduciary Trust International for Custodial Fees for the period ending 12/31/15. The amount of this Warrant is \$9,066.77. A Motion was made by Mr. DiMeglio to approve as outlined. The Motion was seconded by Mr. Davis. The Motion passed 5-0.

WARRANT 741

This Warrant was to Mr. James Ewing his second and final transfer of the remaining funds from his DROP account. Mr. Ewing's DROP account is now closed. The amount of this Warrant is \$2,925.98. A Motion was made by Mr. Mackie to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 742

This Warrant was to Klausner, Kaufman, Jensen & Levinson for legal services through February 2016. The amount of this Warrant is \$4,730.00. A Motion was made by Mr. Mackie to approve as outlined. The Motion was seconded by Mr. Taylor. The Motion passed 5-0.

WARRANT 743

This Warrant was to Dulaney & Associates for Actuarial Services rendered through January 2016. The amount of this Warrant is \$9,461.25. A Motion was made by Mr. Davis to approve as outlined. The Motion was seconded by Mr. Taylor. The Motion passed 5-0.

WARRANT 744

This Warrant was to Kelly Hensch for a return of pension contributions made to the Plan. The amount of this Warrant is \$11,138.37. A Motion was made by Mr. Taylor to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 745

This Warrant was to City of Hollywood for printing services. The amount of this Warrant is \$125.00. A Motion was made by Mr. Taylor to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 746

This Warrant was to Trustee Davis for reimbursement for NCPERS Annual Pension Conference. The amount of this Warrant is \$1,474.43. A Motion was made by Mr. Mackie to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 747

This Warrant was to Dulaney & Associates for Actuarial Services rendered through February 2016. The amount of this Warrant is \$8,816.25. A Motion was made by Mr. Davis to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 748

This Warrant was to Mr. Scott Kiso for a one-time lump sum DROP disbursement. The amount of this Warrant is \$10,000.00. A Motion was made by Mr. Taylor to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 749

This Warrant was to Mr. James Carney for a one-time lump sum DROP disbursement. The amount of this Warrant is \$36,000.00. A Motion was made by Mr. DiMeglio to approve as outlined. The Motion was seconded by Mr. Taylor. The Motion passed 5-0.

WARRANT 750

This Warrant was to Mervin Sylvestre for a return of pension contributions made to the Plan. The amount of this Warrant is \$983.90. A Motion was made by Mr. DiMeglio to approve as outlined. The Motion was seconded by Mr. Taylor. The Motion passed 5-0.

WARRANT 751

This Warrant was to Klausner, Kaufman, Jensen & Levinson for Legal Services through February 2016. The amount of this Warrant is \$4,730.00. A Motion was made by Mr. DiMeglio to approve as outlined. The Motion was seconded by Mr. Taylor. The Motion passed 5-0.

WARRANT 752

This Warrant was to City of Hollywood for printing services. The amount of this Warrant is \$125.00. A Motion was made by Mr. Taylor to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 753

This Warrant was to Davidson, Jamieson & Cristini, P.L. for audit of financial statements for the year ending September 30, 2015. The amount of this Warrant is \$14,500.00. A Motion was made by Mr. Taylor to approve as outlined. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

WARRANT 754

This Warrant was to Davidson, Jamieson & Cristini, P.L. for preparation of the 2015 Annual State Report. The amount of this Warrant is \$3,500.00. A Motion was made by Mr. Mackie to approve as outlined. The Motion was seconded by Mr. Taylor. The Motion passed 5-0.

WARRANT 755

This Warrant was to Lyrical Asset Management for Investment Management fees for the second quarter of 2016. The amount of this Warrant is \$14,321.05. A Motion was made by Mr. DiMeglio to approve as outlined. The Motion was seconded by Mr. Taylor. The Motion passed 5-0.

NEW / UNFINISHED BUSINESS:

Mr. Dorn advised that the WEDGE investment contracts were executed and six million five hundred thousand dollars transferred to the company for investment. Mr. Dorn also advised that PNC Capital Advisors contract has been executed and seven million dollars has been transferred to them for investment. Mr. Dorn advised that LMCG Investments' contract is still in the process. Mr. Levinson advised that the LMCG contract is completed and they are executing their portion of the contract and then will be sending it to us in the next couple of days.

Mr. Dorn advised that the TAMRO and Rhumblin accounts held by Fiduciary Trust have been closed and all of these funds have been deposited into the R & D account or sent to the aforementioned investment companies.

Mr. Dorn advised that American Core Realty had a capital call due April 1, 2016. The amount of this capital call was for \$ 867,000.00. Mr. Dorn advised that the funds were sent to American Core Realty on April 1, 2016 and the funds were taken from the R & D account held at Fiduciary Trust.

ACTUARY REPORT:

Mr. Dulaney spoke to the Board about doing a monthly DROP statement to put on the web site for the individual DROP members, but the calculations will not have the real estate returns on them. Mr. Dulaney advised that he would have them updated when the real estate returns are posted. Mr. Brilliant asked if the January and February DROP statements were posted, then when the real estate returns come in during the month of March, the previous DROP statements for January and February would then have to be changed. Mr. Dulaney advised that they would have to be changed and he then proposed to add additional language at the bottom of the DROP statements to explain this. The Board discussed this issue and decided to allow Mr. Dulaney to complete monthly statements. Mr. Dulaney advised that he would start doing this.

Mr. Dulaney advised that he has completed necessary report and has met all mandatory requirements under F.S. 112.664(1) and Chapter 60T in this report to the State of Florida Division of Retirement. Mr. Dulaney advised that he filed this report with the State of Florida Division of Retirement prior to the mandatory due date.

Mr. Dulaney then reviewed the aforementioned report with the Board. The actuarial funding assumptions shown in our October 1, 2015 actuarial valuation report have been used in the preparation of this report. The report contains figures using an investment return assumption that is 2.0% higher than the actual funding assumption, in order to provide a balance view, in light of the requirement to use an investment return assumption that is 2.0% lower than the actual funding assumption. The schedules in the report show the projection of years until the Plan becomes insolvent are required. These schedules by many actuaries do not reflect what will occur. These schedules in the

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report uses a freeze of future benefits, no current funding sources are assumed which means no contributions from the members, the Town of Davie or the State of Florida. This information is required for these disclosures.

Mr. Dulaney advised that this is the second year in this mandatory report. Mr. Dulaney reminded the Board that the term "unfunded liability" has been replaced with "net pension liability". Also, the word "Asset" is not used, but the word "Fiduciary Net Position" is used and they mean the same. Mr. Dulaney advised that the use of different mortality tables and assumption rates causes a dramatic change in the calculations and schedules. Mr. Dulaney has several of the various tables in the report. The actual net pension liability that was used in the actuary valuation report is \$28,482,258, which used the current assumption rate of 7.6%. If you were to use an assumption rate of 5.60%, then the net pension liability would be \$76,444,802. If you were to use an assumption rate of 9.60%, then the net pension liability would be \$3,048,537. Mr. Dulaney advised that the numbers vary so much that the actual use of this is difficult to be used in a practical way. The Board reviewed the schedules in the report and the run-out dates of funding. The Board approved the report. Mr. DiMeglio made a Motion to approve the report as is. The Motion was seconded by Mr. Taylor. The Motion passed 5-0. Mr. Dorn advised that a copy was sent to the Town of Davie and put on the pension web site under the disclosure section.

Mr. Dulaney advised that the State has mandated that all non-FRS pension plans change their mortality table on or before January 1, 2017. Mr. Dulaney advised that because of the change, it will cost the Plan more to fund next year.

ATTORNEY REPORT:

Mr. Levinson advised the Board the update on the LMCG Investment contract.

Mr. Levinson advised the Board as a reminder that he along with Mr. Dorn will be attending the Davie Police FOP meeting on April 21 & 25, 2016 to discuss the Senate Bill 172 and the tax issue on transferring accumulated leave into the Plan.

Mr. Levinson advised as a reminder that Senate Bill 172 requires that each Plan start a "share plan" within its pension. Mr. Levinson spoke about the options for the membership when it comes to mutual consent by both parties in this matter and then whether it has to be funded or how it will be funded. Mr. Dulaney advised that there is a cumulative excess over the 2012 threshold level of \$124,094.00 as of September 30, 2015. The requirements need to start when the new collective bargaining agreement is executed by the Town of Davie and the membership. Mr. Levinson advised that the Board will have to decide how they will manage this share plan which will be decided at a later meeting.

Mr. Levinson also advised the Board as a reminder the tax issue of transferring accumulated leave into plan when the Town also pays its members cash for accumulated leave when the member retires. This is a constructive receipt issue for the leave time. Mr. Levinson advised that on both issues, the Union and Town will have to make decisions on these issues.

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Mr. Levinson advised that there is a public records request sent to the Plan which his firm and the plan administrator are working on and will be discussed at a future meeting. Mr. Levinson advised that there were no State changes during this last governmental session in Tallahassee that affects the Plan.

PLAN ADMINISTRATOR REPORT:

Mr. Dorn advised that a death check has been conducted and there have been no new reported death(s) of retired members.

Mr. Dorn advised that the Auditors have completed the 2015 State of Florida Annual Report. The Board reviewed the report. Mr. Dorn advised that the report was received by the State of Florida Division of Retirement on April 7, 2016.

Mr. Dorn informed the Board that Mr. James "Jim" Liberto has submitted all the necessary documents to purchase four years of previous law enforcement experience to count towards the Town of Davie Police Pension Plan. Mr. Liberto previous worked as a law enforcement officer for the City of Baltimore. The Board reviewed the documents. Mr. Dorn advised that Mr. Liberto has deposited \$45,000.00 into the Plan and will be paying the rest of the amount via bi-weekly payroll deductions. The total amount to be paid back is \$101,809.00. Mr. Dorn advised that Mr. Dulaney has completed all the necessary calculations and the payroll deductions will start May 1, 2016. Mr. DiMeglio made a Motion to approve Mr. Liberto's purchase of four previous law enforcement years to count towards his Davie Pension. Mr. Mackie seconded the Motion. The motion passed 5-0.

Mr. Dorn advised the Board that he had the new web page member authorization form and beneficiary form put in every active member's Departmental mailbox. Mr. Dorn advised that currently he has only received six of the forms back. Mr. Dorn advised that he will be sending another set of these forms to the members in the future. Mr. Dorn advised that all of the mandatory disclosures required in F.S. 112.664 and Chapter 60-T have been posted on the Town of Davie Police Pension Plan's web site under the disclosure section.

OPEN DISCUSSION:

Mr. Brilliant spoke to the Board to allow the pension administrator to attend the FPPTA pension conferences and for the Plan to pay for said conferences so the administrator can maintain his certificates with the FPPTA Associates. The Board discussed this issue and decided that it would be for the benefit of the Plan and its members to allow this. Mr. Mackie made a Motion to pay for the plan administrator to attend the FPPTA conferences to renew and maintain his certificates with this association. The Motion was seconded by Mr. DiMeglio. The Motion passed 5-0.

ADJOURN:

Mr. Taylor made a Motion to adjourn the meeting. Mr. Mackie seconded the Motion. Motion passed 5-0. The meeting was adjourned at 6:28 P.M.



Greg Brilliant, Chairman