

# TOWN OF DAVIE POLICE PENSION PLAN

## Minutes

May 08, 2018  
4:00 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 May 08, 2018 at 4:01 P.M. at 13790 N.W. 4<sup>th</sup> Street, Suite 105, Sunrise, Florida.

### **TRUSTEES PRESENT:**

Mr. Greg Brilliant – Chairman; Mr. Lawrence Davis – Secretary; Mr. Thomas DiMeglio, Mr. Jack Mackie & Mr. Ed Taylor – Trustees.

### **ABSENT:**

None

### **OTHERS PRESENT:**

Mr. Stu Kaufman, Board Attorney - Klausner, Kaufman, Jensen & Levinson; Mr. Bob Dorn – Plan Administrator- Precision Pension Administration; Mrs. Patty Ostrander – Administrative Assistant (left at 05:15 P.M.) Mr. Don Dulaney, Board Actuary – Dulaney & Company; Mr. Paul Ortenzo, active member; Mr. David Lee, Performance Monitor – Dahab & Associates; Ms. Janna Hamilton – Garcia Hamilton & Associates; Mr. Andrew Morey & Mr. Thomas Capobianco – LMCG Investments; Mr. Peter Hapgood – Intercontinental Real Estate Corporation and Mr. Scott Satalino – Voya Investments;

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 reviewed the March 13, 2018 Town of Davie Police Pension Plan meeting minutes. Mr. Brilliant & Mr. Davis suggested some changes which the Board agreed upon. Trustee Davis made a Motion to approve the March 13, 2018 meeting minutes. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

The following Warrants were reviewed and approved by the Board:

### **WARRANT 1042**

This Warrant is to Klausner, Kaufman, Jensen & Levinson for legal services rendered through 03-31-18. The amount of this warrant is \$2,637.95. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0

### **WARRANT 1043**

This Warrant is to Mr. Matthew Drake to begin his monthly pension payments beginning 05-01-18. A Motion was made by Trustee Taylor to approve this Warrant. Trustee Mackie seconded the Motion. The Motion passed 5-0.

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**WARRANT 1044**

This Warrant is to LMCG Investments, for investment management fees for the first quarter of 2018. The amount of this warrant is \$17,040.94. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

**WARRANT 1045**

This Warrant is to LMCG Investments, for investment management fees for the second quarter of 2018. The amount of this warrant is \$19,367.76. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

**WARRANT 1046**

This Warrant is to Garcia Hamilton & Associates for investment management fees for the first quarter of 2018. The amount of this warrant is \$23,485.71. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

**WARRANT 1047**

This Warrant is to PNC Capital Advisors for investment management fees for the first quarter of 2018. The amount of this warrant is \$19,975.54. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Mackie seconded the Motion. The Motion passed 5-0.

**WARRANT 1048**

This Warrant is to Mr. James Krey for a return of contributions as a vested member. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

**WARRANT 1049**

This Warrant is to Clearbridge Investment LLC – Large Cap for investment management fees for the first quarter of 2018. The amount of this warrant is \$13,288.21. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

**WARRANT 1050**

This Warrant is to Clearbridge Investment LLC – Mid Cap for investment management fees for the first quarter of 2018. The amount of this warrant is \$13,933.01. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Mackie seconded the Motion. The Motion passed 5-0.

**WARRANT 1051**

This Warrant is to Mr. Mark Williams for a one time partial lump sum DROP distribution. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

**WARRANT 1052**

This Warrant is to Dahab Associates, Inc. for investment monitoring service for the first quarter of 2018. The amount of this warrant is \$18,160.18. A Motion was made by

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Trustee DiMeglio to approve this Warrant. Trustee Mackie seconded the Motion. The Motion passed 5-0.

**WARRANT 1053**

This Warrant is to Klausner, Kaufman, Jensen & Levinson for legal services for the month of April 2018. The amount of this warrant is \$2,285.00. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Mackie seconded the Motion. The Motion passed 5-0.

**WARRANT 1054**

This Warrant is to Mr. Robert Dorn for postage. The amount of this warrant is \$227.98. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

**WARRANT 1055**

This Warrant is to Dulaney & Company for actuarial services through January 2018. The amount of this warrant is \$8,965.00. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Mackie seconded the Motion. The Motion passed 5-0.

**WARRANT 1056**

This Warrant is to Dulaney & Company for actuarial services through February 2018. The amount of this warrant is \$9,700.00. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

**WARRANT 1057**

This Warrant is to Dulaney & Company for actuarial services through March 2018. The amount of this warrant is \$3,812.50. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

**WARRANT 1058**

This Warrant is to Mr. Matthew Drake to transfer his DROP Funds. A Motion was made by Trustee DiMeglio to approve this Warrant. Trustee Taylor seconded the Motion. The Motion passed 5-0.

**WARRANT 1059**

This Warrant is to Mr. James Carney for a DROP disbursement. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

**WARRANT 1060**

This Warrant is to Mr. Steve Rachlin for a DROP Rollover. A Motion was made by Trustee Taylor to approve this Warrant. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

**NEW / UNFINISHED BUSINESS:**

Mr. Satalino gave the presentation for Voya Retirement Insurance & Annuity Company ("Voya"). Mr. Satalino gave a history of Voya to the Board as well as his background and experience. Mr. Satalino discussed the pricing and the way costs will be structured for any fees over 5 basis points that Voya receives. The fees over 5 basis points which will cover any costs related to audits, or any other costs the Board applies it to as well as

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giving the fees back to the members. Mr. Satalino advised that they will provide all the information and/or reports that the auditors or Plan Administrator needs for the Pension Fund. Mr. Satalino outlined the procedure for a member who starts the self-directed DROP. The member would sign up with them on the web site and complete all of the necessary forms and there would be an 800 number to speak to someone if there are any problems. The member would have access to their account any time on the web as well as make any changes at any time on the web site.

Mr. Satalino advised that the contract between the Pension Fund and Voya needs to have the investment options and then the contract can be completed and sent to the Board's attorney for review. Mr. Lee spoke to the Board regarding the investment options and presented to the Board the investment options that the Town of Davies 457 Plan with Voya allows the members to invest in. Mr. Lee gave several options to the Board regarding this list and also added some Vanguard funds to the list. The Board discussed and then decided that they would use the current investment options that the Town of Davie 457 Voya members have for investing. Trustee DiMeglio made a Motion to use the current investment options that the Town of Davie 457 Voya Plan uses as the investment options available to the Self-Directed DROP members and the approval of Voya's contract with the Pension Plan upon final review and negotiation by the Board's Attorney. The Motion was seconded by Trustee Taylor. The Motion passed 5-0. Mr. Satalino advised that he would have the contract sent to the Board's attorney within a week.

**INVESTMENT MANAGERS**

**GARCIA HAMILTON & ASSOCIATES:**

Ms. Janna Hamilton made the presentation to the Board for Garcia Hamilton and Associates. Ms. Hamilton advised that there has been no personnel changes to the firm and their investment philosophy. Ms. Hamilton gave a brief overview of the firm that has been in business since 1988, is 100% employee-owned, and have approximately \$10.4 billion in assets under management.

The firm has \$37,577,134.22 under management for the Davie Police Pension Plan. Ms. Hamilton advised the following investment returns verse the benchmark (Bloomberg Barclays Aggregate):

	Quarter	Fiscal Y-T-D	One-Year	3-Year Period
Account:	-0.06	0.3%	2.3%	1.8%
Benchmark:	-1.5%	-1.1%	1.2%	1.2%

Ms. Hamilton advised that they have beaten the benchmark in each of the last three years. The Federal Reserve raised its interest rates. This increase was widely expected, but many market participants were most likely caught off-guard by the degree of the increases in the committee's projections for economic growth and future interest rate hikes. The Fed officials increased their forecasts for economic growth in 2018-2019, and they now anticipate the Fed funds rate to be between 2.75% and 3.00% by the end of 2019. The firm believes that the market is still underestimating the pace of the future Fed rates hikes and the impact of the reduction of its balance sheets. We therefore are maintaining a shorter duration than the benchmark index in anticipation of higher interest rates. Ms. Hamilton advised that the investments under their investment management adhere to our investment guidelines.

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**INTERCONTINENTAL REAL ESTATE CORPORATION:**

Mr. Peter Hapgood made the presentation to the Board for Intercontinental Real Estate Corporation. Mr. Hapgood advised that there have been no changes in the investment philosophy of the firm and no personnel changes. They have approximately \$7 billion in gross asset value under their management in properties and cash. The firm's strategy has always been to have a multi-disciplinary investment strategy targeting an average annual income return in excess of 5% and a total return in excess of 10% in yield driven property assets. The firm's portfolio leverage target is 40%.

The following is the investment returns verse the benchmark (NCREIF ODCE)

	Income		Appreciation		Total Return	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Q1 2018:	1.24%	1.04%	1.55%	1.16%	2.80%	2.20%
1 Year Rolling:	5.27%	4.32%	4.42%	3.62%	9.86%	8.07%
3 Year Rolling:	5.23%	4.49%	7.18%	5.32%	12.69%	9.99%
Since Inception:	5.14%	4.66%	7.44%	6.08%	12.86%	10.96%

Mr. Hapgood advised that over the last ten years, real estate has outperformed U.S. Bond. Mr. Hapgood advised that the firm acquired four properties, sold one property and is in the process of purchasing four other properties in 2018. Mr. Hapgood reviewed several of the properties that were recently acquired. Mr. Hapgood also advised the Board that he is putting together a seminar along with Dee Lee (certified financial planner) for their clients covering financial education for the members of various plans and if the Davie Plan can gather 20 or more members they are willing to put on a seminar for them also. The Board advised that they will review this topic in the future.

**LMCG INVESTMENTS:**

Mr. Andrew Morey and Mr. Thomas Capobianco made the presentation to the Board for LMCG Investments. Mr. Capobianco gave an overview of the firm which included that the firm was founded in 2000, has \$7.8 billion in assets under management and disciplined investment processes with a focus on risk management.

Mr. Morey is the managing director of growth equities for LMCG Investments. Mr. Morey advised that they have a disciplined investment approach that emphasizes consistent long-term risk-adjusted returns. Mr. Morey advised that there have been no personnel changes in the firm and their investment philosophy is still the same since they were hired by this pension plan. Mr. Morey reviewed the investment process, which covers the decision making process and portfolio construction.

The following are the returns compared to the benchmark:

	Q1 2018	1-Year	Since Inception
Davie Pension	4.2%	17.3%	18.5%
Russell 2000 Growth	2.3%	18.6%	24.0%

Mr. Morey advised that they have \$8,004,028.72 under investment management for the Davie Police Pension Plan. The portfolio has 73 different stocks compared to the Russell 2000 Growth Index which has 1,188 different stocks. They are overweight in the following sectors: (1) Information Technology, (2) Health Care, (3) Industrials and (4) Consumer Discretionary. The portfolio is underweight in (1) real estate, (2) energy and

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(3) Utilities. They recently added the following stocks to the portfolio: Everbridge, Exelixis and Boingo Wireless. Mr. Morey advised that they are following the investment guidelines set forth by the Davie Police Pension Plan.

**MONITOR REPORT:**

Mr. David Lee made the presentation to the Board for Dahab & Associates. Mr. Lee advised that growth stocks continued to outperform value in the stock market. Smaller cap stocks fared better than large and mid-size companies. On 3/31/2018, the Pension Plan was valued at \$163,203,686. This amount represented a decrease of \$1,722,815 since the 12/31/2017 report. The fund's net investment loss was a result of income receipts totaling \$622,529 and realized and unrealized capital losses totaling \$739,676.

<b>NAME</b>	<b>Quarter</b>	<b>FYTD</b>	<b>1--Year</b>	<b>3--Years</b>
Total Portfolio	-0.1%	4.0%	10.6%	6.6%
Benchmark	-0.6%	3.2%	9.3%	6.8%
Vanguard	-0.7%	5.8%	14.0%	10.8%
Benchmark	-0.8%	5.8%	14.0%	10.8%
Lyrical LCV	-3.1%	2.3%	10.5%	8.3%
Benchmark	-2.8%	2.3%	6.9%	7.9%
ClearBridgeLCG	1.8%	8.8%	-----	--
Benchmark	1.4%	9.4%	21.3%	12.9%
Wedge Cap	-3.3%	1.8%	8.1%	--
Benchmark	-2.5%	2.8%	6.5%	7.2%
ClearBridge Mid Cap	-3.5%	0.3%	5.7%	----
Benchmark	-0.5%	5.6%	12.2%	8.0%
PNC	1.1%	5.8%	15.0%	--
Benchmark	-0.1%	3.3%	11.8%	8.4%
LMCG	4.2%	11.1%	17.3%	--
Benchmark	2.3%	7.0%	18.6%	8.7
HardmanJohnston	1.2%	6.8%	24.7%	9.6%
Benchmark	-1.4%	2.8%	15.3%	6.0%
<b>NAME</b>	<b>Quarter</b>	<b>FYTD</b>	<b>1--Year</b>	<b>3--Years</b>
American Reality	2.2%	4.0%	8.0%	9.3%
Intercontinental	2.8%	5.6%	9.9%	12.7%
UBS	1.9%	4.3%	7.1%	8.4%
Benchmark	2.2%	4.3%	8.1%	10.0%
Garcia Fixed Income	-0.6%	0.3%	2.3%	1.8%
Benchmark	-1.5%	-1.1%	1.2%	1.2%

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Mr. Lee recommended transferring some of the Large Cap Index funds to the active large cap managers. Mr. Lee advised that he would like to transfer \$10 million from the Vanguard 500 Large Cap Fund and move the funds to the following: (1) \$5 million to Lyrical Large Cap Value and (2) \$5 million to Clearbridge Large Cap Growth fund. Mr. Lee advised that the Board can do this in small increments or one large lump sum. The Board discussed this reallocation of funds. Trustee DiMeglio made a Motion to transfer \$5 million worth of assets from the Vanguard 500 Large Cap Fund to the Lyrical Large Cap Value Fund within a reasonable time period and in a prudent manner. The Motion was seconded by Trustee Taylor. The Motion passed 5-0. Trustee DiMeglio made a Motion to transfer \$5 million worth of assets from the Vanguard 500 Large Cap Fund to the Clearbridge Large Cap Growth Fund within a reasonable time period and in a prudent manner. The Motion was seconded by Trustee Mackie. The Motion passed 5-0. Mr. Dorn advised the Board that he will work with Mr. Lee and Fiduciary Trust to ensure that the aforementioned fund transfers occur.

Trustee Davis inquired about the investment returns for the Clearbridge Mid Cap Fund. Mr. Lee advised that there have been no personnel changes and the investment philosophy for Clearbridge Mid Cap hasn't changed. Mr. Lee advised that he will have a representative from Clearbridge Mid Cap fund come to the August quarterly review.

**ATTORNEY REPORT:**

Mr. Kaufman made the presentation to the Board for the law firm of Klausner, Kaufman, Jensen & Levinson. Mr. Kaufman gave a draft Administrative Policy on the terminal leave accounts and rollovers for members. Also, Mr. Kaufman gave the Board the DROP Application packet for review. Mr. Kaufman requested that the Board review this draft policy and they will finalize it at the next meeting.

Mr. Kaufman spoke about Senate Bill 376 which covers posttraumatic stress disorder (PTSD). PTSD will now be recognized as a compensable occupational disease under workers' compensation for first responders. Previously to this bill, the "impact rule" was in affect which required a physical injury to occur for workers compensation. This Bill outlines several circumstances for qualifying events that are covered. This Bill is a guide or reference to pension plans as it is for workers' compensation.

Mr. Kaufman advised that once he received the Voya contract, he will have a completed draft in a very short manner of time for the Board to review and approve.

**ACTUARY REPORT:**

Mr. Dulaney made the presentation for Dulaney & Company to the Board. Mr. Dulaney advised that they completed the Employee Benefit Statements and gave them to Mr. Dorn to distribute to the members. Mr. Dulaney and Mr. Brilliant discussed some language changes that had to be done for some members regarding their benefits.

Mr. Dulaney presented to the Board the projection calculations as if there were no new funds coming into the fund and no investment returns. This is part of the mandatory section 112, Florida Statutes, Chapter 60-T information that is completed each year.

Mr. Dulaney advised that he completed the active DROP members' quarterly statements and submitted them to Mr. Dorn. Mr. Dorn advised that the statements were delivered to

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the Police Department and were placed in the active members Police Department mail boxes. The retired member statements will be completed before the end of the week.

**PLAN ADMINISTRATOR:**

Mr. Dorn advised the Board that Mr. Matthew Drake has submitted his retirement documents and will retire from the Department on 4/30/2018. Mr. Drake was in the DROP. Mr. Drake will receive his first pension payment on 5/1/2018. The Board acknowledged this.

Mr. Dorn advised the Board that Mr. Jeffrey Yeager has submitted his retirement documents and will retire from the Department on 5/2/2018. Mr. Yeager will receive his first benefit payment on 6/1/2018. Mr. Yeager decided not to enter the DROP. The Board acknowledged this.

Mr. Dorn advised that former member Mr. James Krey requested a refund of his pension contributions. Mr. Krey submitted all of necessary refunds documents and he has waived his vested pension benefits. Warrant 1048 was completed for this request. The Board acknowledged this and previously approved via Motion in Warrant 1048 for this refund.

Mr. Dorn presented to the Board the 2018/2019 Administrative Expense Budget for their review. The Board reviewed last years' budget as well as the expenses from the audit report. The Board discussed this issue. Trustee Taylor made a Motion to accept as presented the 2018/2019 Town of Davie Police Pension Plan's Administrative Expense Budget. Trustee DiMeglio seconded the Motion. The Motion passed 5-0.

Mr. Dorn advised that there was one public records request from Preqin, Ltd for investment records and returns for alternative investments that the pension plan has. Mr. Dorn advised that he worked with Mr. Lee and Mr. Levinson to respond to this request by sending them the requested information.

Mr. Dorn advised that the Board has an option of reviewing the Custodial bank's audit report (SSAE-16 report) or having a representative come to a Board meeting for a review. The Board decided to have a representative come to a meeting for the review. Mr. Dorn advised that he would arrange it.

Mr. Dorn advised that Mrs. Ostrander provided each Trustee with their State of Florida State Ethics Commission 2017 Financial Disclosure Form 1 which they are required to complete each year. Mr. Dorn advised the Trustees that if they return the forms to Mrs. Ostrander, she will mail them in for them.

Mr. Dorn advised that the actuary completed the Employee Benefit Statements for the 2017 year and the statements were given to the members at the Police Department's mailboxes.

Mr. Dorn advised that we have received all of the vendor's insurance that works for the pension plan for the 2017/2018 fiscal year.

Mr. Dorn gave an update on the disability process for Mr. Thomas Squarini. Mr. Dorn advised that Mr. Squarini was sent to an Independent Medical Examination (IME) and we are waiting on the results which we should have before the end of the month.



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**OPEN DISCUSSION:**


Mr. Dorn presented to the Board the election ballot, procedures and the candidates resumes for the 2018 FPPTA Board of Directors' Election. Mr. Dorn advised the Board that the Board has one vote in this election and is requesting the Board select one member to vote on behalf of the Board. The Board decided to select Chairman Brilliant to vote for the Board in the FPPTA election.

Mr. Davis advised that he would like to attend the International Foundation pension conference in October/2018 and wanted to notify the Board. The Board agreed to this.

Mr. Brilliant advised that he will be at a pension conference for the June/2018 meeting. Mr. Davis will chair for this meeting if necessary.

**ADJOURN:**

Trustee Mackie made a Motion to adjourn the meeting. Trustee DiMeglio seconded the Motion. Motion passed 5-0. The meeting was adjourned at 6:40 P.M.

  
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Greg Brilliant, Chairman

**FOR THE BOARD**