

# **TOWN OF DAVIE POLICE PENSION PLAN MINUTES**

**November 13, 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 – Mr. Greg Brilliant on November 13, 2018 at 4:05 P.M. at 13790 N.W. 4<sup>th</sup> Street, Suite 105, Sunrise, Florida.

## **TRUSTEES PRESENT:**

Board Secretary – Mr. Lawrence Davis; Trustees – Mr. Thomas DiMeglio and Mr. Jack Mackie; Trustees in Training – Mr. Paul Ortenzo & Mr. Danny Perez.

## **ABSENT:**

Trustee – Mr. Ed Taylor (excused absence)

## **OTHERS PRESENT:**

Mr. Bob Klausner – Klausner, Kaufman, Jensen & Levinson (left at 6:18 P.M.); Mr. Dave Williams – Precision Pension Administration; Mrs. Patty Ostrander – Administrative Assistant; Ms. Janna Hamilton – Garcia Hamilton (arrived at 4:30 P.M. and left at 6:02 P.M.); Mr. David Lee – Dahab; and Mr. Don Dulaney – Dulaney & Company; Mr. James Pontone – Hardman Johnston Global Advisors; Caldwell Calame – Wedge Capital Management

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

## **PUBLIC DISCUSSION:**

None

## **NEW / UNFINISHED BUSINESS:**

This topic was discussed out of order from the original posted agenda for purposes of Plan housekeeping. The Open Trustee Position was the first matter discussed. In that Trustee/Chairman Greg Brilliant resigned the position to assume the duties of Plan Administrator, the position needed to be filled as per Plan ordinance. Mr. Klausner confirmed that the vacated trustee position can be appointed by the existing trustees and will serve until the end of the respective term (12/31/2019). Mr. Davis questioned the procedure in the Operating Rules and Mr. Klausner confirmed that the Ordinance takes precedence over the Operating Rules. Discussion focused specifically on the two Trustees

in Training, Paul Ortenzo and Danny Perez. Mr. Dimeglio stated that Mr. Ortenzo is a Pension Tier II employee, not previously specifically represented on the Board, and nominated him for the open trustee position; the motion was seconded by Mr. Mackie. Motion passed 3-0.

Mr. Brilliant stated that the Chairman position was open as well and the position had always been held by the senior elected trustee. Mr. Mackie made a motion to appoint Mr. DiMeglio as the Board Chairman, seconded by Mr. Ortenzo. The Motion passed 3-0. (Mr. DiMeglio did not vote).

The DROP Application and DROP FAQ's previously presented by Attorney Stuart Kaufman for Board consideration was tabled until the next meeting when Mr. Kaufman will be present to review.

**CONSENT AGENDA:**

**APPROVAL OF THE MINUTES:**

The Board reviewed the October 09, 2018 Town of Davie Police Pension Plan meeting minutes. Mr. Davis made a motion to approve the minutes, seconded by Mr. Mackie. The Motion passed 4-0.

The following Warrants were reviewed and approved by the Board:

**WARRANT 1134**

Normal Retirement Request for Mr. Mark Larghi. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 4-0.

**WARRANT 1135**

Normal Retirement Request for Mr. Lance Seltzer. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 4-0.

**WARRANT 1136**

Normal Retirement Request for Mr. Edward Cuneo. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 4-0.

**WARRANT 1137**

Payment of \$37.97 to Mrs. Patty Ostrander for office supplies. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 4-0.

**WARRANT 1138**

Payment of \$93.74 to Mr. Greg Brilliant for office supplies. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1139**

Transfer from DROP Account to retirement fund for Mr. Robert McDaniel. Motion to approve as outlined by Mr. Davis, seconded by Mr. Ortenzo. Motion passed 4-0.

**WARRANT 1140**

Normal Retirement Request for Mr. Thomas DiMeglio. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 3-0 (Mr. Dimeglio did not vote).

**WARRANT 1141**

Payment of \$21,635.32 to PNC Capital Advisors for investment management fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 4-0.

**WARRANT 1142**

Payment of \$158.90 to Mr. Greg Brilliant for a flower funeral arrangement for Mr. Bob Dorn. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 4-0.

**WARRANT 1143**

Payment of \$22,125.19 to Clearbridge Investments, LLC for balance due for investment management fees for Large Cap for quarter ending 09-30-18. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1144**

Payment of \$15,319.35 to Clearbridge Investments, LLC for balance due for investment management fees for Mid Cap for quarter ending 09-30-18. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1145**

Transfer from DROP Account to retirement fund for Mr. Mark Larghi. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1146**

Payment of \$50.00 to Mrs. Patty Ostrander for office supplies. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1147**

Payment of \$161.86 to Fiduciary Trust for R & D Custodial fees for quarterly custodial fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1148**

Payment of \$2,630.09 to Fiduciary Trust for Mutual Fund Custodial fees for quarterly custodial fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1149**

Payment of \$3,928.61 to Fiduciary Trust for Garcia Fixed Custodial fees for quarterly custodial fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Ortenzo, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1150**

Payment of \$1,746.95 to Fiduciary Trust for Lyrical Custodial fees for quarterly custodial fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 4-0.

**WARRANT 1151**

Payment of \$1,051.01 to Fiduciary Trust for Clearbridge Custodial fees for quarterly custodial fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1152**

Payment of \$1,023.87 to Fiduciary Trust for LMCG Custodial fees for quarterly custodial fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Mackie seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1153**

Payment of \$1,216.89 to Fiduciary Trust for PNC Custodial fees for quarterly custodial fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1154**

Payment of \$1,974.63 to Fiduciary Trust for LRG Custodial fees for quarterly custodial fees for quarter ending 09-30-18. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1155**

Payment of \$1,050.00 for International Foundation of Employee Benefit Plan for 2019 membership fees. Motion to approve as outlined by Mr. Davis, seconded by Mr. Mackie. Motion passed 4-0.

**WARRANT 1156**

Normal Retirement Request for Mr. David Graziadei. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1157**

Payment of \$18,468.15 to Dahab Associates, Inc for performance monitoring services for the third quarter 2018. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1158**

Payment of \$825.17 to Mr. Larry Davis for reimbursement for the FPPTA Conference. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Ortenzo. Motion passed 3-0 (Mr. Davis did not vote).

**WARRANT 1159**

Payment of \$4,630.00 to Klausner, Kaufman, Jensen & Levinson for legal services through October 2018. Motion to approve as outlined by Mr. Mackie, seconded by Mr. Davis. Motion passed 4-0.

**WARRANT 1160**

Payment of \$250.00 to National Conference on Public Employees Retirement System (NCPERS) for annual membership. Motion to approve as outlined by Mr. Ortenzo, seconded by Mr. Davis. Motion passed 4-0.

**INVESTMENT MANAGERS**

**HARDMAN JOHNSTON GLOBAL ADVISORS-INTL EQUITY**

Mr. Jim Pontone presented. He advised the firm now has \$5.9 billion in assets under management and have 23 employees. For third quarter 2018, they reported a -3.17% net compared to the MSCI EAFE index net of 1.35%, an under performance of -4.36%. The YTD numbers were -2.50% net compared to the index net of -1.43%, an under performance of -1.07%. The 1 year numbers reflect a 2.68% net compared to the index net of 2.74%, an under performance of .06%.

**WEDGE CAPITAL-MID CAP VALUE**

Mr. Caldwell Calame presented. He advised the firm now has \$12.8 billion in assets under management. For third quarter 2018, they reported the return for the WEDGE Mid Cap Value CIT as 2.93% compared to the Russell Mid Cap Value index of 3.29%, an under performance of .36%. The YTD numbers were 2.32% compared to the index of 3.15%, an under performance of 0.83%. The 1 year numbers reflect a 7.70% return compared to the index of 8.82%, an under performance of 1.12%.

**GARCIA HAMILTON & ASSOCIATES:**

Ms. Janna Hamilton presented. She advised that as of September 30, 2018, the Davie Police Pension Plan Fixed Income Account portfolio had a market value of \$35,105,793. The portfolio asset allocation was 98.6% in fixed income and 1.4% in cash & equivalents. For third quarter 2018, they reported the return for the GH&A Fixed Income as -0.1% net compared to the Bloomberg Barclays Aggregate index of 0.0%, an under performance of .1%. The YTD numbers were -.1% compared to the index of -1.6%, an out performance of 1.5%. The 1 year numbers reflect a .8% return compared to the index of -1.2%, an out performance of 2.00%.

**MONITOR REPORT:**

Mr. David Lee advised that as of June 30, 2018, the total fund was valued at approximately \$169,401,421 but that due to recent market volatility was valued today closer to approximately \$165,000,000. The manager allocation was 33.4% in Large Cap Equity,

10.8% in Mid Cap Equity, 11.8% in Small Cap Equity, 11.0% in International Equity, 11.5% in Real Estate, 20.7% in Fixed Income and .9% in cash or equivalents, totaling 100.1%. According to Dulaney and Company, this amount in excess of 100% is a direct result of decimal rounding and is acceptable.

Mr. Lee indicated the performance summary for the Davie Police Pension Plan ranked in the 67<sup>th</sup> percentile in public fund rankings, the 32<sup>nd</sup> percentile fiscal year to date, the 32<sup>nd</sup> percentile for the one year ranking, and the 42<sup>nd</sup> percentile for the three year return average.

Mr. Davis advised that while attending the IFEBP conference in New Orleans, he attended a lecture regarding private equity and questioned the possibility of exploring this asset class. Mr. Lee advised we could explore that possibility but that he felt more strongly about Real Estate Debt, and possibly Bridge Loans. The Plan already has a Core and Core Plus strategy in place and a value added discipline would be the next logical step. Mr. Lee continued that he did not feel that the real estate investment class had reached its full potential as yet and the Plan would be safe in continuing along these lines.

Mr. Lee stated that he will bring information on Real Estate Debt, Value Ad and Private Equity for the Board to discuss and review at the January meeting.

**ATTORNEY REPORT:**

Per Mr. Klausner's recommendation, the Board considered the Plan losses of approximately \$148,000 and the OZK Bank litigation position. After hearing from Mr. Klausner as to the case merits, Mr. Davis made a motion to pursue the lead position in the law suit, seconded by Mr. DiMeglio. Motion passed 4-0.

The next conversation with Mr. Klausner was a joint actuary/legal position conversation regarding the Plan language and how it applied to Mr. Chad Rosen's non line of duty death benefit. Mr. Dulaney questioned the dramatic decrease in Mr. Rosen's salary over the last year and its effect on final average compensation calculations over the previous years earnings. It was discussed that there had been a long period (4-6 months) where Rosen had been on short and long term disability leave and thus not working the amount of overtime he had been consistently working prior to his illness. Mr. Klausner stated that his legal opinion of the Plan language is that it would refer to the past 36 months of regular duty status as opposed to including the time Rosen had been on short and long term disability leading up to his date of death. Mr. Klausner stated that his interpretation of the Plan language is that its design was not meant to hurt a beneficiary because of terminal or

life affecting illness. If it were so designed, it would unfairly discriminate against illness and possibly be subject to litigation. Counsel is developing a policy which will be presented at the next meeting.

**ACTUARY REPORT:**

In light of Mr. Klausner's interpretation of the Plan language, Mr. Dulaney asked the Board for direction on Mr. Rosen's death benefit.

A Motion to authorize payment of a death benefit to Mr. Rosen's widow utilizing the last 36 months of full duty pay status and, subject to receipt of the actuarial calculation, to authorize the Plan Administrator to commence pay status with no further Board action required was made by Mr. DiMeglio and seconded by Mr. Mackie. Motion passed 4-0. Mr. Dulaney was given direction to perform the necessary calculations utilizing the parameters as interpreted by Mr. Klausner.

The Board discussed the possibility of creating an Administrative Rule addressing differentiating between someone sick and someone not wanting to work overtime as it relates to their calculation of benefits. The item was tabled for a future discussion.

**PLAN ADMINISTRATOR:**

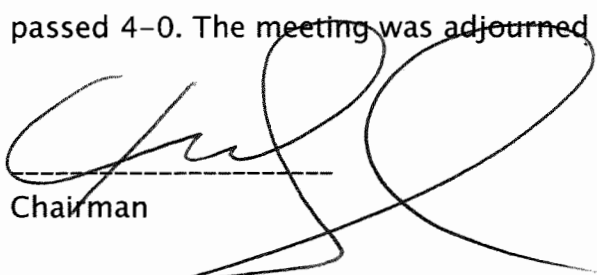
Mr. Brilliant informed the Board that the Auditors are on site and working on our annual Plan audit if they would like to come by the office during the day to meet with them. Mr. Brilliant stated that the VOYA self directed drop documents have been approved by Mr. Klausner and executed.

**OPEN DISCUSSION:**

None

**ADJOURN:**

Mr. Mackie made a Motion to adjourn the meeting. Mr. Davis seconded the Motion. Motion passed 4-0. The meeting was adjourned at 6:28 P.M.



Chairman

***FOR THE BOARD***