

**TOWN OF DAVIE POLICE PENSION PLAN
MEETING MINUTES
OCTOBER 01, 2019
4:00 P.M.**

The regular meeting of the Town of Davie Police Pension Plan Board of Trustees was called to order on behalf of the Board by Mr. Greg Brilliant – **Precision Pension Administration** - on October 01, 2019 at 4:00 P.M. at 13790 N.W. 4th Street, Suite 105, Sunrise, Florida.

TRUSTEES PRESENT:

Mr. Thomas DiMeglio – Board Chairman; Mr. Larry Davis – Board Secretary; Mr. Jack Mackie, Mr. Paul Ortenzo and Mr. Ed Taylor – Board Trustees; Mr. Danny Perez – Training Trustee.

ABSENT and/or EXCUSED:

None

OTHERS PRESENT:

Mrs. Patty Ostrander - Administrative Assistant; Mr. David Lee – Dahab Consulting; Mr. Don Dulaney & Ms. Lindsey Singer - Dulaney & Company; Mr. Stu Kaufman – Klausner, Kaufman, Jensen, & Levinson; Ms. Keri Hepburn & Mr. Jack McPherson – Aristotle Capital; Mr. Terry Miller & Mr. Boris Kuzman – Crawford Investment Council; Mr. Greg Sterzel & Mr. Robert Hurbanek – Federated MDT Investments; Mr. Jerry Crea & Mr. Clinton Graham – Wellington Management.

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

PUBLIC DISCUSSION:

None

CONSENT AGENDA:

None

APPROVAL OF THE MINUTES:

The Board reviewed the September 10, 2019 Town of Davie Police Pension Plan meeting minutes. Mr. Davis made a motion to approve the minutes as presented, which was seconded by Mr. Mackie. The Motion Passed 5-0.

WARRANTS APPROVED BY BOARD:

After review and consideration of warrants 1292 through 1296, a motion to approve was made by Mr. Taylor, seconded by Mr. Mackie. Motion Passed 5-0.

WARRANT #1292:

Payment of \$300 made to Oakwater Technologies for I.T. services.

WARRANT #1293:

Payment of \$12,000 made to Greg Brilliant for a one-time DROP withdrawal.

WARRANT #1294:

Payment of \$20,000 made to Mark Ray for a one-time DROP withdrawal.

WARRANT #1295:

Payment of \$30,251.59 less 20% Federal Income Tax made to Miguel Perez as a non-vested member return of contributions.

WARRANT #1296:

Payment of \$2,942.50 made to Dulaney & Co for actuarial services through August 2019.

NEW/UNFINISHED BUSINESS:

None

ATTORNEY REPORT – KKJ&L:

Reporting on behalf of KKJ&L was Mr. Stu Kaufman. Mr. Kaufman advised the Board that in researching overall Plan losses regarding the National General lawsuit, Robbins-Geller, Rudman & Dowd discovered that a plan in Massachusetts, the Massachusetts Labor Union, had sustained a greater actuarially determined loss than the Davie Police Pension Plan. As such, the lead plaintiff petition had been amended to co-lead plaintiffs. The motion seeking permission to be co-plaintiffs is currently pending before the Court.

Mr. Kaufman directed that the pending litigation with National General should be placed on the monthly meeting agendas going forward so that any case updates are reviewed in a timely manner.

ACTUARY REPORT – DULANEY & CO:

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney advised the Board that he sent an email to Mr. Ackerman, Finance Director for the Town, recommending consideration of a (.10%) ten basis point downward adjustment in the Plan assumption rate. Mr. Ackerman has advised that the Town is not interested in lowering the assumption rate at this time. Mr. Davis requested more up to date numbers from which to compare the costs, to which Mr. Dulaney advised that once final fiscal year payroll is reported to them, he will be able to compile those numbers. Mr. Davis recommended that the Board should discuss going forward with the lowering of the Plan assumption rate at the January or February meeting after Mr. Dulaney updates the numbers.

Mr. Dulaney advised that it had been since 2006 since he had a rate increase and was proposing to raise his hourly rate approximately 15% from the current \$295 per hour to \$340 per hour going forward. The increase would also include the hourly wages of his office staff and would include a three-year rate lock. A motion was made to approve by Mr. Mackie and seconded by Mr. Davis. The motion passed 5/0. Once the motion was passed, Mr. Kaufman advised he would draft an agreement for the parties to execute.

SMALL CAP CORE PRESENTERS

ARISTOTLE CAPITAL BOSTON:

Reporting on behalf of Aristotle Capital was Ms. Keri Hepburn and Mr. Jack McPherson. Ms. Hepburn advised that unable to be present at this meeting was Brandon Lopez, Portfolio Manager for the small cap core product. Ms. Hepburn opened comments advising that the investment team has been together since 2002 and have accomplished above average, risk adjusted returns. Mr. McPherson stated that their investment philosophy emphasizes a diversified, quality-oriented portfolio managed with a long-term time horizon. Mr. McPherson stated that their small cap equity product, on a rolling five-year Sharpe Ratio has shown an outperformance on a risk-adjusted basis in 100% of rolling five-year periods since inception.

CRAWFORD INVESTMENT COUNSEL:

Reporting on behalf of Crawford Investment Counsel was Mr. Terry Miller and Mr. Boris Kuzman. Mr. Miller began with comments regarding the Crawford Advantage. He advised that Crawford is an independent organization solely focused on investment management and was founded in 1980 by John Crawford. Mr. Kuzman advised that the goal of their investment process is to identify high-quality companies with a positively skewed risk/reward trade-off and invest in those companies when short-term business or market considerations impair valuation. In the thirty quarters since inception of this product, Crawford has outperformed its' benchmark, the Russell 2000 index, by 112 basis points (13.15% vs 12.03%).

FEDERATED MDT SMALL CAP CORE STRATEGY:

Reporting on behalf of Federated MDT was Mr. Greg Sterzel and Mr. Robert Hurbanek. Mr. Sterzel began by stating that Federated has sixty-four years in business and acquired MDT in 2006 becoming Federated MDT. MDT employs a team approach to manage its strategies using the same quantitative investment process. The MDT investment team of eleven and the strategy's investment process is led by Daniel Mahr and Sarah Stahl. Mr. Hurbanek advised that while trades are generated quantitatively, the analysts of the investment team conduct a qualitative examination of the trades proposed by the model in order to verify that they are based on accurate and current information. On a one, three, five, and seven-year average, MDT has outperformed the Russell 2000 Index. On a YTD and 2Q2019 average, MDT has underperformed the Russell 2000 Index.

WELLINGTON MANAGEMENT:

Reporting on behalf of Wellington Management was Mr. Jerry Crean and Mr. Clinton Graham. Mr. Crean began by stating that Wellington Management was founded in 1933 and Wellington Trust in 1982. Mr. Crean stated that their Small Cap Opportunities investment philosophy is simple: to achieve long-term returns in excess of the benchmark, therefore the portfolio must have an investment process grounded in sound fundamental research and executed through bottom-up stock selection. An opportunistic investment approach can result in differentiated sources of alpha, making it less dependent upon market environment and fluctuations.

Mr. Graham advised the Board that the portfolio is constructed through intelligent diversification with ninety to one hundred twenty holdings covering all eleven market sectors. Their market cap is typically companies valued between \$300m and \$3b, or the top end of the Russell 2000 Index. The performance of the portfolio over the past ten years has shown an outperformance of the benchmark in seven of ten years and currently, on a year to date basis, is outperforming the benchmark by 5.1% gross of fees. This outperformance is directly attributable to their market strategy.

DAHAB CONSULTING:

Reporting on behalf of Dahab & Associates was Mr. David Lee. Mr. Lee advised that they were comfortable with any of the four presenters and opened the floor for the Board to question him. Mr. Davis spoke first that he was most impressed by Wellington. Mr. DiMeglio said he had Wellington and Crawford as his top two after the presentations. The Board had several minutes of conversation after which Mr. Davis made a motion that the Board award its Small Cap investment to Wellington Management. After further discussion, Mr. Mackie seconded the motion and the Board voted unanimously (5/0) to hire Wellington Management for the Small Cap Core Investment strategy. Mr. Lee commended the Board for their due diligence throughout the process and stated that he felt Wellington would be a good fit with the Davie Police Pension Plan. Mr. Lee then advised the Board that he would notify all of the presenters of the Board decision and begin the process of rolling the funds from PNC to Wellington prior to the November 15, 2019 transfer of PNC Small Cap to Federated Investors, Inc.

PLAN ADMINISTRATOR - PPA:

The Board questioned as to the insurances in place to protect the Administrator and staff with regard to cyber and liability insurances. Mr. Brilliant advised that he would research the coverage with the insurance underwriter and report back to the Board at the November meeting. Mr. Brilliant also advised the Board of the DROP entry by Robert Choquette on October 01, 2019.

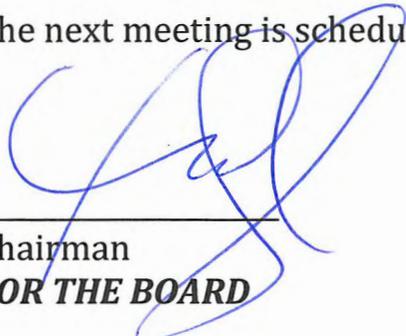
OPEN DISCUSSION:

None

ADJOURN:

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

The next meeting is scheduled for November 12, 2019 at 4:00 PM.



Chairman

FOR THE BOARD