

**TOWN OF DAVIE POLICE PENSION PLAN
MEETING MINUTES
May 12, 2020
1:30 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 May 12, 2020 at 1:31 P.M. Due to Executive Order 20-112 which extended Executive Order 20-69, signed by RON DESANTIS, Governor of the State of Florida on March 20, 2020, the Board of Trustees conducted the meeting remotely.

TRUSTEES PRESENT:

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

ABSENT and/or EXCUSED:

None

OTHERS PRESENT:

Mrs. Patty Ostrander - Administrative Assistant; Mr. Stu Kaufman – Klausner, Kaufman, Jensen, & Levinson; Mr. David Lee – Dahab (left at 4:06 P.M.); Mr. Jason Jarjosa and Mr. Mike Lucci – Bloomfield Capital (arrived at 1:30 P.M. and left at 2:10 P.M.); Ms. Janna Hamilton, Mr. Gilbert Garcia and Mr. Jeff Detwiler – Garcia Hamilton & Associates (arrived at 2:00 P.M. and left at 2:47 P.M.); Ms. Jenna Walsh and Mr. Andrew Morey – LMCG Investments (arrived at 2:45 P.M. and left at 3:20 P.M); and Mr. Don Dulaney - Dulaney & Company.

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

NEW/UNFINISHED BUSINESS:

None

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PUBLIC DISCUSSION:

No comments or questions were received. Mr. Brilliant noted that on the public meeting notice the following language was posted, "Any member of the public may submit questions or comments to be read during the public comment section of the meeting to info@mydpdpension.org by May 11, 2020."

CONSENT AGENDA:

None

APPROVAL OF THE MINUTES:

The Board reviewed the March 10, 2020 Town of Davie Police Pension Plan meeting minutes. Mr. Davis made a Motion to approve the minutes, which was seconded by Mr. Mackie. The Motion Passed 5-0.

WARRANTS APPROVED BY BOARD:

After review and consideration of warrants #1377 through #1391, a motion to approve was made by Mr. Taylor and seconded by Mr. Mackie. The Motion Passed 5-0.

ACTUARY REPORT - DULANEY & CO:

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney began by reporting to the Board that the State of Florida reporting requirements had been met. He then presented to the Board the Section 112.664 Florida Statutes Compliance Report he filed with the State on April 08, 2020. This report is based upon the actuarial funding assumptions shown in his October 01, 2019 actuarial valuation report. Mr. Dulaney reminded the Board that the figures reflected in the report are more of a State mandated actuarial "exercise" which utilize the specific guidelines articulated by the State, as opposed to a real-world representation of the Plan health. Mr. Dulaney advised that upon conclusion of the fiscal year, he will have prepared alternatives to the current three-year smoothing practice because of this year's volatile markets amidst the Covid-19 pandemic. These changes could assist the Plan and the Plan sponsor by allowing for a longer smoothing period in times of adverse market conditions and maintaining a smoother funding trajectory across upcoming years.

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BLOOMFIELD CAPITAL PARTNERS:

Presenting on behalf of Bloomfield Capital Partners was Mr. Jason Jarjosa and Mr. Michael Lucci. Mr. Jarjosa thanked the Board for their business. This is the first real update from Bloomfield as the Plan had not been fully invested. Mr. Jarjosa advised that Bloomfield's strategy focuses on identifying elusive, equity-rich small balance credit opportunities that are often overlooked or unseen by larger managers. This provides Bloomfield the ability to seek high yields in a generally less competitive environment. Their goal is to generate an I.R.R. (internal rate of return) in the 7-9% range with the average duration of loan in the 19-20 month range. Mr. Davis asked if Bloomfield held only first position loans or if they had any riskier positions in their portfolio. Mr. Jarjosa replied that they have a few second position loans, but none with greater than an 80% LTV (loan to value). Through the quarter end, the BCIF V has generated to the Davie Police Pension Plan since inception of the fund in November 2018, an 8.5% net I.R.R.

GARCIA, HAMILTON, & ASSOCIATES:

Presenting on behalf of Garcia Hamilton was Ms. Janna Hamilton, Mr. Gilbert Garcia, and Mr. Jeff Detwiler. Ms. Hamilton opened thanking the Board for their longevity with Garcia, Hamilton, & Associates and then turned to Mr. Garcia for a portfolio evaluation and market report. For the quarter ending March 31, 2020, the fixed income portfolio was valued at \$36,923,364 which represented an increase of \$446,314 from the December 31, 2019 quarter ending value. This represented a 1.3% gross return and ranked in the 68th percentile, trailing the 3.1% return of the custom index. Mr. Garcia advised that their previous strategy was more optimistic, and they have now adjusted the portfolio and taken a more underweight position on the long end. Mr. Detwiler advised that as China has emerged on the "other side" of the Covid-19 crisis and started a return to normalcy, the U.S. has carefully monitored the strategy for re-opening our Country and have adopted what he sees as a policy for success. The Federal Reserve has cut rates for the first time since 2008 and implemented a bond-buying program to inject liquidity into the markets. Mr. Garcia advised that spreads widened with the flight to quality and the increased volatility caused by the Covid-19 concerns. Mr. Garcia advised that their underperformance began in 2019 with the Brexit/China trade issues and market instability which has created a difficult environment in which to rebound. But he feels very strongly that going forward, they have positioned themselves to better capture opportunities in the market which will result in greater returns for the Plan.

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LMCG INVESTMENTS:

Presenting on behalf of LMCG Investments was Ms. Jenna Walsh and Portfolio Manager Mr. Andrew Morey. Ms. Walsh began by advising the Board that the LMCG Firm response to the pandemic has had employees across all departments successfully transition to remote work. This has allowed for a seamless move from their previous location in the Hancock Tower to the Boston Financial District where they will be headquartered upon their return to the office.

Mr. Morey began by informing the Board that 1Q2020 was the worst quarter in market history for the small cap growth sector. As such, the Davie Police Pension Plan portfolio return was -20.8% gross of fees compared to the Russell 2000G return of -25.8%. Mr. Morey attributed the 500-basis point Plan outperformance of the benchmark to a portfolio overweighting in healthcare and having had no exposure to the energy sector. Going forward, they are now slightly overweight in financials versus the benchmark and feel this strategy will yield positive returns. Mr. Morey pointed out that time has shown that in the quarters and year following large losses, the market has had an average increase of 30% and they are hoping to position themselves to capture this increase in portfolio returns.

SOUNDMARK PARTNERS:

Unable to attend.

DAHAB ASSOCIATES:

Reporting on behalf of Dahab Associates was Mr. David Lee. Mr. Lee informed the Board that the Covid-19 pandemic has been like no other event this decade regarding market influence. In the first quarter, US markets suffered severe declines and extreme daily swings in prices on a scale comparable to the crises of 2008 and 2011. The markets were off approximately 35% but have now clawed back roughly half of those losses. Mr. Lee advised that rent relief has crept upward in the month of April but rent recapture remains in the 90-95% range currently.

Mr. Lee turned to investment returns at this point, advising that as of March 31, 2020 the Davie Police Pension Plan was valued at \$156,508,363, a decrease of \$31,946,302 from the December ending value of \$188,454,665. As of market close May 11, 2020 the Plan was valued at approximately \$169,000,000 which was a return to the September 30, 2019 valuation.

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Mr. Lee advised the Board that Clearbridge MCC had requested a change in their investment guidelines because of limitations imposed in those guidelines regarding market cap. He advised that at the time the guidelines were composed, the mid cap average valuation was approximately \$7 billion and has risen to approximately \$15 billion. Following the explanation, a motion was made by Mr. Ortenzo and seconded by Mr. Davis to permit these changes to be made in the guidelines. The motion passed 5-0.

Mr. Lee then advised the Board regarding Lyrical LCV and their offer to adjust the fee structure downward in response to their continued underperformance. Following much discussion, the Board agreed unanimously to have Mr. Lee pursue the lower fee structure as well as update the recently completed large cap search. No motion was necessary.

Lastly Mr. Lee addressed the Board regarding a proposal from UBS to provide the Plan a slight downward adjustment in fees, 0.0015 for a three year lock up of funds and 0.0025 for a four year lock up of funds. After a brief discussion, the Board agreed unanimously that they were not interested in the illiquidity of funds in exchange for such a small fee accommodation on behalf of UBS. No motion was necessary.

ATTORNEY REPORT – KKJ&L:

Reporting on behalf of KKJ&L was Mr. Stu Kaufman. Mr. Kaufman first briefed the Board regarding the Sunshine Law suspension for remote meetings. Executive Order 20-112 extended 20-69 signed by Florida Governor Ron DeSantis because of the pandemic and has allowed for meetings to be held via electronic format. This will continue until further directed.

Regarding the National General securities class action litigation being conducted by Robbins Geller, both sides have filed motions now under review of the Court.

Mr. Kaufman next spoke about the securities class action against World Wrestling Entertainment, Inc. and certain of its executive officers. A lead plaintiff role had been considered however, several entities which suffered larger losses have been discovered and the lead plaintiff role will be determined amongst them.

Lastly, a discussion was had regarding information from Mr. Taylor that he had found a box containing numerous (possibly 40-50) micro cassette tapes of Pension Board meetings dating back to between 2001 and 2005.

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Mr. Taylor stated that the Plan Administrator at the time, Mr. Joseph Mastrangelo, had given them to him. Mr. Kaufman advised he had researched the issue and found no need existed to retain them as per the schedule for retention of public records. The only reason for retention would be some type of archival value, which is an unknown at this point. Mr. Kaufman advised he would speak to Ms. Bonnie Jensen to ascertain possible costs associated with the transcription of the tapes and advise the Board when he obtained that information.

PLAN ADMINISTRATOR - PPA:

Mr. Brilliant thanked the Board for their courtesy, patience, and professionalism in the way they handled their first Board of Trustees meeting via the web platform.

OPEN DISCUSSION:

None

ADJOURN:

Mr. Davis made a Motion to adjourn the meeting. Mr. Taylor seconded the Motion. The Motion passed 4-0. The meeting was adjourned at 4:46 P.M.

The next meeting is scheduled for June 09, 2020 at 1:30 P.M.

CHAIRMAN FOR THE BOARD

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Paul Ortenzo