

**TOWN OF DAVIE POLICE PENSION PLAN
MEETING MINUTES
November 09, 2021
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 November 09, 2021 at 1:36 P.M. The meeting was conducted remotely and there was a quorum present to conduct an official meeting of the Davie Police Pension Plan Board of Trustees.

TRUSTEES PRESENT:

Mr. Paul Ortenzo – Chairman; Mr. Larry Davis – Board Secretary; Mr. Jack Mackie (arrived at 1:44 P.M.); Mr. Danny Perez and Mr. Ed Taylor. All Trustees were in attendance remotely for the meeting.

ABSENT and/or EXCUSED:

None

OTHERS PRESENT:

Mrs. Patty Ostrander – PPA Administrative Assistant (remote appearance); Mr. Stuart Kaufman (remote appearance) – Klausner, Kaufman, Jensen, & Levinson; Mr. Don Dulaney (remote appearance) – Dulaney & Company; Mr. David Lee (remote appearance) – Dahab and Associates; Mr. Peter Hapgood (remote appearance - arrived 1:55 P.M. and left at 2:20 P.M. & Mr. Paul Nasser (remote appearance - arrived at 2:00 P.M. and left at 2:20 P.M.) – Intercontinental; Mr. Terence Fennessy (remote appearance - arrived at 2:23 P.M. and left at 2:52 P.M.), Mr. Brian Angerame (remote appearance - arrived at 2:23 P.M. and left at 2:38 P.M.) and Mr. Peter Bourbeau (remote appearance – arrived at 2:25 P.M. and left at 2:52 P.M.) – Clearbridge; Ms. Keri Hepburn (remote appearance – arrived at 2:53 P.M. and left at 3:05 P.M.) & Mr. Aylon Ben-Shlomo (remote appearance – arrived at 2:54 P.M. and left at 3:05 P.M.) – Aristotle.

PUBLIC DISCUSSION:

None

CONSENT AGENDA:

None

APPROVAL OF THE MINUTES:

The Board reviewed the minutes from the October 12, 2021 Town of Davie Police Pension Plan Board of Trustees meeting. A Motion was made to approve the minutes as amended by Mr. Davis, seconded by Mr. Taylor. The Motion passed 4-0 (Mr. Mackie was not yet present).

WARRANTS APPROVED BY BOARD:

After review and consideration of warrants 1568 - 1584, a Motion to approve was made by Mr. Taylor and seconded by Mr. Perez. The Motion passed 4-0 (Mr. Mackie was not yet present).

NEW/UNFINISHED BUSINESS:

In that our auditing firm of Saltmarsh, Cleaveland, & Gund has notified the Plan that they would not be able to fulfill their contractual obligation to complete the State required Annual Report, Dulaney Actuarial has advised that they are able, and if approved by the Board, will complete the Annual Report going forward. Mr. Taylor made a motion for Mr. Dulaney to prepare the annual report, seconded by Mr. Davis. The Motion passed 5-0. A contract addendum stating the parameters will be prepared for signatures by the Plan Attorney, Mr. Kaufman. Chairman Ortenzo requested the issue be placed on the January 2022 meeting agenda for further discussion and resolution.

DAHAB & ASSOCIATES:

Reporting on behalf of Dahab & Associates was Mr. David Lee. Mr. Lee advised the Board that while much of 3Q2021 has had an optimistic tone, September experienced a shift in investor sentiment. Concerns on supply chains, inflation, and peak accommodative policy led investors to sell, erasing much of the quarter's initial gains.

At the close of 3Q2021 (9/30/2021), the Davie Police Pension Plan was valued at \$227,350,593 which represented a modest increase of \$204,114 over the closing value of 2Q2021. For 3Q2021, the Composite account gained 0.8%, which ranked in the 15th percentile of the Public Fund universe. Over the trailing twelve-month period, this portfolio returned 21%, ranking in the 42nd percentile of public pension plans.

Since September 2011, the portfolio has returned 10.3% on an annualized basis and ranked in the 32nd percentile of the Public Fund universe.

On 09/30/2021 (3Q2021 end) the portfolio was comprised of approximately 68.9% in equities, 14.7% in fixed income, 13.4% in real estate, and 3.1% in cash.

Before concluding his report, Mr. Lee advised that as the Town had made its annual pension obligation contribution there was additional cash to be invested. He recommended that if the Board was comfortable with the allocation, he would suggest an additional real estate investment. Conversation ensued between he and the Board which resulted in Mr. Davis making a motion to invest an additional \$2M with Sound Mark and \$3M with UBS Growth and Income. The Motion was seconded by Mr. Taylor and without further discussion the Motion passed 5-0. This concluded the report.

CLEARBRIDGE – LARGE CAP & MID CAP:

Reporting on behalf of ClearBridge was Mr. Terence Fennessy, Mr. Brian Angerame, and Mr. Peter Bourbeau. Mr. Fennessy advised the Board that ClearBridge was thankful that the Board of Trustees have chosen to remain with the strategies implemented by ClearBridge and their portfolio managers.

On behalf of the large cap discipline, Mr. Peter Bourbeau presented. Mr. Bourbeau advised that for QE 9/30/2021, the fund returned 0.3% net and ranked in the 59th percentile, trailing the benchmark by 99 basis points. For the fiscal YTD, the fund has returned 21.1% net, trailing the benchmark Russell 1000G by 6.2%. He stated that they are confident in their strategy but that the large cap space has been a very difficult environment for investors. The portfolio underperformed relative to the index last quarter in five of their eight invested sectors with positions in the energy, financials, and utilities sectors left unfunded.

On behalf of the mid-cap discipline, Mr. Brian Angerame presented. Mr. Angerame advised that for QE 9/30/2021, the fund returned 1.8% net and ranked in the 11th percentile, outperforming the benchmark by 2.7%. For the fiscal YTD, the fund has returned 42.2% net and ranked in the 38th percentile, outperforming the benchmark by 4.1%. The portfolio outperformed the index last quarter in seven of the eleven invested sectors. This concluded the report.

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INTERCONTINENTAL U.S. REAL ESTATE:

Reporting on behalf of Intercontinental was Mr. Paul Nasser & Mr. Pete Hapgood. Mr. Hapgood advised the Board that there have been no changes in the senior management staff. He stated that Intercontinental now has approximately 11.5B under management with 143 properties in their portfolio and a debt to total assets (leverage) of 27.3%. As of QE 9/30/2021, the Davie Police Plan's Intercontinental US Real Estate Investment portfolio was valued at \$11,636,600, representing an increase of \$625,565 from the QE 6/30/2021 valuation.

Mr. Nasser advised on the direction of the fund going forward as contrasted with the benchmark NCREIF-ODCE and stated that although they trailed the benchmark this quarter by 0.7%, they were very comfortable with their positioning and strategy. Since inception, their performance has exceeded that of the benchmark by 124 basis points or 1.24%.

Their belief is that the "work from home" trend is coming to an end and companies will begin having employees return to the office. Not necessarily in a full-time capacity but possibly a few days in the office and the remainder from home.

Continuing, Mr. Nasser stated that companies have expressed concerns over the loss of what they refer to as their "corporate culture" and attribute this to the workforce operating predominately outside of the office.

Mr. Nasser also advised that Intercontinental does not foresee any need to write down valuations on properties currently retained in their portfolio, as many other real estate investment firms have done. He closed his report with a forecast that their total annual return for this year (2021) would be around 15%, but that returns would eventually decrease to the high single digits going forward. This concluded the report.

ARISTOTLE:

Reporting on behalf of Intercontinental was Ms. Keri Hepburn and Mr. Aylon Ben-Shlomo. Ms. Hepburn advised that there had been no changes in the investment team at Aristotle. Mr. Ben-Shlomo advised the Board that for the QE 9/30/2021, the portfolio returned -0.3% net and ranked in the 45th percentile, having outperformed the Russell 1000V benchmark by 0.5%.

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In keeping with their investment policies, Mr. Ben-Shlomo advised that Aristotle Capital Management will continue to have approximately 15% turnover of holdings in their portfolio and will continue their investment strategy of rarely taking any actions without full investment team conviction and the necessary information to do so. This will occasionally lead to their arriving at these decisions later than some investment managers but with full confidence in the decision. This concluded the report.

ATTORNEY REPORT – KKJ&L:

Reporting on behalf of KKJ&L was Mr. Stu Kaufman. Regarding the National General litigation, Mr. Kaufman advised that the Federal District Court had granted their motion to dismiss and there would be no further pleadings before the Court. This concluded the report.

ACTUARY REPORT – DULANEY & CO:

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney advised the Board that the Town had made their required contribution to the Plan of \$6,170,000 and now has accumulated approximately \$5M in prepaid contributions into the Plan. They could conceivably use these prepaid credits to offset their annual contribution in any year they choose.

The Plan annual valuation report will be completed before the second week of February 2022 and a decision as to the Plan assumption rate will need to be made at the January meeting. This concluded the report.

PLAN ADMINISTRATOR - PPA:

Mr. Brilliant reminded the Board that the January 11, 2022 meeting is currently slated to be an in person meeting and requested that should Board members have any trepidation regarding meeting in this manner, that they please notify the pension office prior to the meeting to make other arrangements.

OPEN DISCUSSION:

None

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ADJOURN:

Mr. Davis made a Motion to adjourn which was seconded by Mr. Mackie. Without dissent, the meeting was officially adjourned at 3:44 P.M. The next meeting is tentatively scheduled for December 14, 2021 at 1:30 P.M.

CHAIRMAN FOR THE BOARD

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Paul Ortenzo