

**TOWN OF DAVIE POLICE PENSION PLAN
MEETING MINUTES
February 08, 2022
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 February 08, 2022, at 1:33 P.M. The meeting was conducted remotely due to on-going health concerns (Covid/Omicron) 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; Mr. Danny Perez and Mr. Ed Taylor - Trustees. All Trustees were in attendance remotely for the meeting.

ABSENT and/or EXCUSED:

None

OTHERS PRESENT:

Mrs. Patty Ostrander – PPA Administrative Assistant; Mr. David Lee (remote appearance) – Dahab Associates; Mr. Adam Levinson (remote appearance) – Klausner, Kaufman, Jensen, & Levinson; Mr. Don Dulaney; (remote appearance) – Dulaney & Company; Ms. Richelle Cook – American Realty (remote appearance – arrived at 1:55 P.M. and left at 2:14 P.M.); Ms. Janna Hamilton & Mr. Jeff Detwiler – Garcia Hamilton (remote appearance - left at 2:15 P.M.); Mr. Richard Keenan – Hardman Johnston (remote appearance - arrived at 2:12 P.M. and left at 2:37 P.M.); Mr. Jim Pontone – Hardman Johnston (remote appearance - arrived at 2:25P.M. and left at 2:37 P.M.) and Mr. Matt McCue (remote appearance) – FIN News.

PUBLIC DISCUSSION:

None

CONSENT AGENDA:

None

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APPROVAL OF THE MINUTES:

The Board reviewed the minutes as amended from the January 11, 2022, Town of Davie Police Pension Plan Board of Trustees meeting. A Motion was made to approve the minutes as amended by Mr. Taylor, seconded by Mr. Davis. The Motion passed 5-0.

WARRANTS APPROVED BY BOARD:

After review and consideration of warrants 1603 – 1606 inclusive, a Motion to approve was made by Mr. Taylor and seconded by Mr. Mackie. The Motion passed 5-0.

DAHAB ASSOCIATES:

Reporting on behalf of Dahab Consulting was Mr. David Lee. Mr. Lee reported that as of December 31, 2021, the Davie Police Pension Plan was valued at \$243,612,713, representing an increase of \$16,262,120 from the 3Q2021 ending value of \$227,350,593. For the quarter ending December 31, 2021, the composite account returned 5.0% net of fees and ranked in the eleventh percentile of the Public Fund universe. For the trailing twelve-month period, the Plan returned 13.6% net of fees and ranked in the twenty-sixth percentile. Since September 2011, the Plan has returned 10.2% on an annualized basis and ranked in the twenty-third percentile of all public plans.

Mr. Lee advised the Board that on a current year-to-date basis, the total Plan assets were probably closer to the 3Q2021 ending balance due to market volatility. For the quarter ending December 31, 2021, the only asset classes outperforming their respective indexes were small and mid-cap equities. All other asset classes in the Plan portfolio underperformed for the quarter. This concluded the report.

AMERICAN REALTY CORE REALTY:

Reporting on behalf of American Realty was Ms. Richelle (Hayes) Cook. Ms. Cook advised that American Realty Advisors now has \$11.6B in assets under management and they are proudly a 100% employee-owned private firm.

Ms. Cook advised the Board that American Realty continues to believe in their target rate of return for this portfolio which is between seven and nine percent. She stated they believe this is a realistic target going forward in that they have continued to avoid exposure to regional malls and retail properties.

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Since December 2011, the portfolio has returned a net of 9.1% per annum, trailing the NCREIF NFI-ODCE by 1.3%. For the quarter ending December 31, 2021, the fund returned 8.5% net of fees, outperforming the NCREIF NFI-ODCE by fifty basis points.

Ms. Cook advised that although the leverage ratio in the portfolio has decreased from 23% to 18.7%, this will begin to increase as they adjust positions within the portfolio. In their 71 investments and 155 buildings, they currently have a 92.6% leased percentage across the portfolio. This concluded the report.

GARCIA HAMILTON & ASSOCIATES:

Reporting on behalf of GH&A was Ms. Janna Hamilton & Mr. Jeff Detwiler. Ms. Hamilton thanked the Board for the long business relationship, now. She stated that GH&A had supplied the addendum to their booklet which showed the January 2022 returns and how they affected the short and long-term returns. For the quarter to date, 1/31/2022, the account was -1.42% compared to the benchmark performance of -2.15%, an outperformance of seventy-three basis points.

Mr. Detwiler advised that as of the QE 12/31/2021, the portfolio was valued at \$37,766,431 representing a decrease of \$760,718 over the QE 9/30/2021 value. For the fourth quarter, the portfolio returned -0.1%, which trailed the Custom Fixed Income Index's rate of return and ranked in the 64th percentile. Over the trailing year, the portfolio returned -2.4%, which was 0.9% less than the benchmark's -1.5%, and ranked in the 99th percentile. Since December 2011, the account returned 3.9% per annum and ranked in the 26th percentile.

Mr. Detwiler indicated that with the Federal Reserve Board responding to the increasing inflationary pressures with interest rate adjustments sooner than they were projected to, we may see widening spreads on corporate bonds. These Option Adjusted Spreads (OAS) were at 93 bps immediately pre-Covid, 350+ bps during Covid-19, and currently stand at 102 bps. The median spreads are 132 bps while the Bloomberg US Corporate Average OAS is 152 bps. This concluded the report.

HARDMAN JOHNSTON ASSET MANAGEMENT:

Reporting on behalf of Hardman Johnston Asset Management was Mr. Richard Keenan & Mr. Jim Pontone. Mr. Keenan advised that the Firm remains 100% employee owned. The Firm currently has twenty-nine employees and \$9.8B in assets under management.

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For over three decades, their philosophy continues to follow a focused and disciplined investment process that results in a concentrated, high conviction portfolio with low turnover and high active share. As of December 31, 2021, the Davie Police Pension Plan's portfolio was valued at \$30,005,356, representing a decrease of \$1,019,397 from the QE 9/30/2021 valuation. For the fourth quarter, the Portfolio returned -3.5% net, which trailed the MSCI EAFE index by 6.2% and ranked in the 89th percentile. Over the trailing year, the Portfolio returned 1.2% net which underperformed the benchmark by 10.6% and ranked in the 78th percentile, representing a difficult recent run for the Firm. For the three-year average, the Portfolio returned 22.3% net, which outperformed the benchmark by 8.2% and ranked in the 10th percentile. The Portfolio also outperformed the benchmark over the five-year and since inception time periods, ranking in the 8th and 15th percentile respectively.

NEW/UNFINISHED BUSINESS:

None

ATTORNEY REPORT - KKJ&L:

Reporting on behalf of KKJ&L was Mr. Adam Levinson. Mr. Levinson advised the Board that the legislative update was very quiet with nothing really to report. Additionally, it seems that H.B. 117, the Covid Presumption Bill, has bogged down and not made it out of any of the reviewing committees for either House. This is believed to be due to the decreasing severity of the Covid cases and a decrease in the number of cases. Mr. Levinson said it remains to be seen as to the future of this Bill. This concluded the report.

ACTUARY REPORT - DULANEY & CO:

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney advised he has spoken with the auditors regarding the hold up in their presenting the trial balance for the Plan. He advised that when he receives this from them, he will prepare the GASB 67 and GASB 68 reports necessary.

Mr. Dulaney advised that the investment horizons report has indicated much more modest returns for investors in the near future. When he receives the necessary information from the auditors, he will complete the Plan assumption rate study for the Board to consider their action. This concluded the report.

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PLAN ADMINISTRATOR - PPA:

Mr. Brilliant advised the Board that Jeannine Bittinger from Saltmarsh, Cleveland & Gund will be retiring after this audit season. The Board discussed putting out an RFP after this audit season is over.

Mrs. Ostrander advised the Board that we received partial refunds from FPPTA for Mr. Davis and Mr. Taylor's conference registration cancellation. Mr. Ortenzo indicated that the Board needed to discuss the policy regarding late, non-fully refundable cancellations. The matter will be placed on a future agenda for the discussion.

Mrs. Ostrander reminded the trustees about the annual Form 1.

This concluded the report.

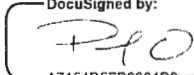
OPEN DISCUSSION:

None

ADJOURN:

Mr. Davis made a Motion to adjourn which was seconded by Mr. Taylor. Without dissent, the meeting was officially adjourned at 3:08 P.M. The next meeting is tentatively scheduled for March 08, 2022, at 1:30 P.M.

CHAIRMAN FOR THE BOARD

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Paul Ortenzo