

**TOWN OF DAVIE POLICE PENSION PLAN  
MEETING MINUTES  
November 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 November 08, 2022, at 1:36 P.M. The meeting was conducted remotely due to the on-going concerns regarding potential spread of Covid and its variants. 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 – Secretary; Mr. Jack Mackie and Mr. Danny Perez - Trustees. All Trustees were in attendance remotely for the meeting.

**ABSENT and/or EXCUSED:**

Mr. Ed Taylor - excused

**OTHERS PRESENT:**

Mrs. Patty Ostrander (remote) – PPA Administrative Assistant; Mr. Stu Kaufman (remote) – Klausner, Kaufman, Jensen, & Levinson; Mr. Don Dulaney; (remote) – Dulaney & Company; Mr. David Lee – Dahab Associates (remote appearance) Mr. Tim Nash (left at 2:03 P.M.) and Mr. Peter Palandjian – Intercontinental Real Estate (arrived at 1:46 P.M. and left at 2:03 P.M.) (remote); Mr. Terence Fennessy, Mr. Brian Angerame (arrived at 2:07 P.M. and left at 2:27 P.M.); Mr. Matt Lilling (arrived at 2:07 P.M. and left at 2:27 P.M.) and Mr. Peter Bourbeau – Clearbridge (arrived at 2:07 P.M. and left at 2:47 P.M.); Ms. Keri Hepburn and Mr. Aylon Ben-Shlomo (arrived at 3:01 P.M. and left at 3:15 P.M.).

**PUBLIC DISCUSSION:**

None submitted.

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**NEW/UNFINISHED BUSINESS:**

None

**CONSENT AGENDA:**

None

**WARRANTS APPROVED BY BOARD:**

After review and consideration of Plan warrants #1689 – 1707 inclusive, a Motion to approve was made by Mr. Davis, seconded by Mr. Perez. The Motion passed 4/0.

**APPROVAL OF THE MINUTES:**

The Board reviewed the minutes from the September 13, 2022, 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. Perez. The Motion passed 4/0.

**ACTUARY REPORT – DULANEY & CO:**

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney advised the Board that the Town had chosen to prepay their contribution to the Plan as they have done previously, utilizing none of their excess prepaids at this point.

Mr. Dulaney advised that as this will be the first year in quite some time of a negative return for the Plan, he calculated that for every \$1m lost, the required Town contribution increases by approximately \$88,000.

In that the markets were so volatile over the past year, Mr. Dulaney stated that the Board may wish to consider moving from a three-year smoothing process to possibly a four-year or five-year smoothing policy in an effort to mitigate the losses of the current year. The Board advised that they would take this recommendation into consideration. This concluded the report.

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**ATTORNEY REPORT – KKJ&L:**

Reporting on behalf of KKJ&L was Mr. Stu Kaufman. Regarding the Clarivate litigation, there is currently nothing to report. There has been no update and it is uncertain as to when the Court will issue a ruling on the filings.

Mr. Kaufman advised that the Clarivate litigation should continue to remain on the agenda until further advised. This concluded the report.

**DAHAB & ASSOCIATES:**

Reporting on behalf of Dahab & Associates was Mr. David Lee. Mr. Lee reported on the performance results for the quarter and on an annual basis. Mr. Lee advised the Board that while much of 3Q2022 has been negative, the real estate portion of the portfolio continues to be a bright spot performance-wise.

At the close of 3Q2022 (9/30/2022), the Davie Police Pension Plan was valued at \$188,369,181 which represented a decrease of \$10,363,506 from the closing value of 2Q2022(6/30/2022). For 3Q2022, the Composite account lost 4.4%, which ranked in the 51<sup>st</sup> percentile of the Public Fund universe. Over the trailing twelve-month period, this portfolio lost 19.5%, ranking in the 74<sup>th</sup> percentile of public pension plans. Since September 2012, the portfolio has returned 6.7% on an annualized basis and ranked in the 53<sup>rd</sup> percentile of the Public Fund universe. On 09/30/2022 (3Q2022 end) the portfolio was comprised of approximately 61.3% in equities, 15.6% in fixed income, 21.5% in real estate, and 1.6% in cash.

Mr. Lee discussed with the Board the concern regarding continued underperformance in both Clearbridge disciplines. The decision was made to move \$4m from the Clearbridge Large Cap account to the Vanguard Large Cap Index Fund (Vinix). A Motion was made by Mr. Perez with a Second from Mr. Davis. The Motion passed 4/0. This concluded the report.

**CLEARBRIDGE – LARGE CAP & MID CAP:**

Reporting on behalf of Clearbridge Mid Cap was Mr. Brian Angerame and Mr. Matt Lilling. On behalf of the Large Cap portfolio was Mr. Peter Bourbeau and Mr. Terrence Fennessey.

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Mr. Lilling advised that everyone agrees that the markets have been challenging at best, but they believe in their philosophy going forward and foresee making no changes at this time.

During 3Q2022, the Clearbridge Investments Mid Cap Core portfolio lost 5.6%, while the benchmark Russell Mid Cap lost 3.4% and ranked in the 94<sup>th</sup> percentile of the Mid Cap Core universe. Over the trailing year, the portfolio returned -23.3%, which was 3.9% less than the benchmark's -19.4% performance and ranked in the 88<sup>th</sup> percentile.

Mr. Peter Bourbeau advised the Board that they, much like their brethren on the Mid Cap portfolio, believe in their current investment philosophy.

On September 30, 2022, the Davie Police Pension Plan's Clearbridge Investments, LLC Large Cap Growth portfolio was valued at \$21,241,343, a decrease of \$1,253,357 from the June ending value of \$22,494,700. The total Large Cap portfolio returned -5.4% for the quarter ending 9/30/2022 and ranked in the 82<sup>nd</sup> percentile. For the FYTD, the Large Cap portfolio returned -27.1% and ranked in the 60<sup>th</sup> percentile. This concluded the report.

**INTERCONTINENTAL U.S. REAL ESTATE:**

Reporting on behalf of Intercontinental was Mr. Tim Nash & Mr. Peter Palandjian. Mr. Nash advised that the good news for FY 2022 is that real estate continued to perform and de-risk portfolios. Efforts are being made to de-leverage the portfolio from a high of 35% down to its approximate level of 22% as of 09/30/2022.

On September 30<sup>th</sup>, 2022, the Davie Police Pension Plan's Intercontinental US Real Estate Investment portfolio was valued at \$14,231,671, an increase of \$202,542 over the June 30, 2022, ending value.

In the third quarter, the account gained 1.6%, which was 1.1% greater than the NCREIF NFI-ODCE Index's return of 0.5%. Over the trailing year, the account returned 26.5%, which was 4.4% greater than the benchmark's 22.1% performance. Since September 2013, the Intercontinental US Real Estate Investment portfolio returned 12.8% annualized, while the NCREIF NFI-ODCE Index returned an annualized 10.7% over the same period, an outperformance of 2.1%.

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Mr. Palandjian advised that although real estate as an asset class has continued to perform, they anticipate a negative year return for real estate sometime in the next twenty-four months. He advised that they would continue to adjust the portfolio in an attempt to mitigate these impending headwinds. Mr. Davis advised that the Board was most appreciative of their continuing good work, both in the marketplace and on our portfolio. This concluded the report.

**ARISTOTLE:**

Reporting on behalf of Aristotle was Ms. Keri Hepburn and Mr. Aylon Ben-Shlomo. Ms. Hepburn advised that the Firm remains independent with broad employee ownership. The Firm has \$45.53b in assets under management. They have key differences between their Firm and others in the marketplace, such as a private equity approach to public markets, and a twenty year consistently applied process and philosophy.

Mr. Ben-Shlomo advised that during the 3<sup>rd</sup> quarter 2022, the Aristotle Capital Management Value Equity portfolio returned -5.1%, which was 0.5% greater than the Russell 1000 Value Index's return of -5.6% and ranked in the 37<sup>th</sup> percentile of the Large Cap Value universe. Over the trailing year, the portfolio returned -16.5%, which was 5.1% less than the benchmark's -11.4% performance, and ranked in the 87<sup>th</sup> percentile.

Mr. Ben-Shlomo stated that their strategy continues to reflect their belief in owning companies, not just trading stocks. They believe that going forward, should there be some type of recession, they will be well positioned to protect the portfolio assets. This concluded the report.

**PLAN ADMINISTRATOR - PPA:**

Mr. Brilliant had nothing additional for the Board.

**OPEN DISCUSSION:**

None

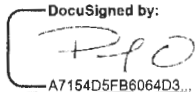
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**ADJOURN:**

A Motion was made at 4:00 p.m. to adjourn by Mr. Mackie with a Second by Mr. Perez. The Motion passed without dissent, 4/0.

The next meeting is tentatively scheduled for December 13, 2022, at 1:30 P.M.

***CHAIRMAN FOR THE BOARD***

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***Paul Ortenzo***