

**TOWN OF DAVIE POLICE PENSION PLAN
MEETING MINUTES
February 11, 2025
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 11, 2025, at 1:30 P.M. There was a quorum remotely 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. Danny Perez, and Mr. Ed Taylor (left at 2:40 P.M.) – Trustees. All Trustees were in attendance via remote access.

ABSENT and/or EXCUSED:

Mr. Jack Mackie - Retired

OTHERS PRESENT:

Mrs. Patty Ostrander – PPA Administrative Assistant; Mr. Stu Kaufman – Klausner, Kaufman, Jensen, & Levinson (left at 3:55 P.M.); Mr. David Lee – Dahab & Associates; Mr. Don Dulaney – Dulaney & Company Actuarial; Mr. Eric Leventhal – KSDT (arrived at 1:25 P.M. and left at 1:45 P.M.); Mr. William Ackerman – Town of Davie (arrived at 1:25 P.M. and left at 3:55 P.M.); Mr. Jim Pontone – Hardman Johnston (arrived at 2:35 P.M. and left at 2:57 P.M.); Ms. Richelle Cook – American Realty Advisors (arrived at 2:58 P.M. and left at 3:18 P.M.).

All of those present were in attendance via remote access.

PUBLIC DISCUSSION:

None received.

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NEW/UNFINISHED BUSINESS:

Mr. Jack Mackie, a Board Trustee for nearly 25 years has tendered his letter of intent to retire from the Board. Chairman Ortenzo advised that he will speak with Town Administrator Lemack to discuss a replacement as soon as practicable. We wish Mr. Mackie all the best in his retirement.

CONSENT AGENDA:

None

WARRANTS APPROVED BY BOARD:

After review and consideration of Plan warrants #2000 – 2036 inclusive, a Motion to approve was made by Mr. Taylor, Seconded by Mr. Ortenzo. Motion passed 4/0.

APPROVAL OF THE MINUTES:

The Board reviewed the minutes from the quarterly meeting of the Town of Davie Police Pension Plan meeting held on November 12, 2024. A Motion was made to approve the amended minutes by Mr. Davis, Seconded by Mr. Taylor. Motion passed 4/0.

AUDITOR REPORT - KSDT:

Reporting on behalf of the audit firm of KSDT was Mr. Eric Leventhal. Mr. Leventhal presented to the Board of Trustees the Town of Davie Police Pension Plan Independent Auditor's Report & Financial Statements September 30, 2024, and 2023.

The auditors' opinion stated, "We have audited the accompanying financial statements of the Town of Davie Police Officers' Pension Plan, which comprise the statement of fiduciary net positions of September 30, 2024, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements."

"In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Town of Davie Police Pension Plan as of September 30, 2024, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America."

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A Motion was made by Mr. Taylor and Seconded by Mr. Davis to accept the “DRAFT” Audit results, subject to the actuarial information presented on page 22 and note 6 to reflect what is being presented by Mr. Dulaney’s GASB 67 report. The Motion passed 4/0. A Motion to authorize the Board Chairman to sign the Management Representative letter was made by Mr. Davis and Seconded by Mr. Taylor. The Motion passed 4/0. This concluded the audit report.

The report may be viewed in its entirety on the Pension Plan website at:
<https://mydpdpension.org/modules/stateDocs/reports.asp>

ACTUARY REPORT – DULANEY & CO:

Reporting on behalf of Dulaney & Company was Mr. Don Dulaney. Mr. Dulaney reviewed his Actuarial Valuation report as of October 1, 2024. He stated, “the Town has contributed its entire contribution for the 10/01/2023 – 9/30/2024 plan year in a single payment of \$8,020,000 on 10/25/2023 , rather than making contributions throughout the plan year. From the 10/01/2023 valuation report, the Town’s Minimum Funding Requirement (MFR) was \$8,800,928, but the MFR as of 10/25/2023 was only \$8,477,852, resulting in a shortfall contribution of \$457,852 (\$8,020,000 - \$8,477,852). The Town used \$194,013 of the cumulative Prepaid Town Contribution on October 1, 2023, of \$4,262,094 (as shown on Table IV, item B.1. on the October 1, 2023, actuarial valuation report), plus \$263,839 “excess Chapter 185 contributions from the State (\$1,511,248 actual - \$1,247,409 assumed), to meet its MFR.” Mr. Dulaney completed his review of the October 1, 2024, Actuarial Valuation Report.

A Motion to approve the Actuarial Valuation Report as presented by Mr. Taylor and Seconded by Mr. Davis. Motion passed 4/0.

A Motion to approve 6.95% as the Assumed Rate of Investment Return for the current year, for each of the next several years, and for the long term, thereafter, was made by Mr. Taylor and seconded by Mr. Davis. Motion passed 4/0. This concluded the actuarial report.

The report may be viewed in its entirety on the Pension Plan website at:
<https://mydpdpension.org/modules/stateDocs/reports.asp>

ATTORNEY REPORT – KKJ&L:

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Reporting on behalf of KKJ&L was Mr. Stu Kaufman. Mr. Kaufman advised the Board that there were currently no updates regarding the on-going Clarivate litigation.

Mr. Kaufman advised the Board of new statutory requirements approved by the State of Florida during the legislative session. FSS 787.06 states that when a contract is executed, renewed, or extended between a non-governmental entity and a governmental entity, the non-governmental entity must provide the governmental entity with an affidavit signed by an officer or a representative of the non-governmental entity under penalty of perjury attesting that the non-governmental entity does not use coercion for labor or services as defined in this section. For purposes of this subsection, the term “governmental entity” has the same meaning as in s. 287.138(1). Additionally, FSS 287.13 will require any vendor with access to any Plan member personal information to complete an affidavit which states they do not do business with any foreign countries of concern/scrutinized countries as defined in the statute. This concluded the attorney’s report.

AMERICAN REALTY:

Reporting on behalf of American Realty was Richelle Cook. Ms. Cook thanked the Board for their tenure and patience in the process. Unlike many other real estate investment firms, American Realty Advisors is still growing, having most recently opened an office in New York. It is the mission of ARA to create and implement client-focused institutional real estate investment strategies designed to provide superior returns, capital preservation, and growth, delivered with a high level of integrity, communication, and service.

The fund in which the Davie Police Pension Plan participates is the ARA Core Property Fund. The Fund is an open-end fund with \$7.11B gross in assets under management (AUM) with a return target of 7-9% gross/6-8% net.

As of the quarter ending December 31, 2024, the Davie Police Pension Plans’ American Realty Advisors Core Realty portfolio was valued at \$6,776,243, representing an increase of \$46,606 from the September 2024 quarter ending value of \$6,729,637. Last quarter, the Fund posted withdrawals totaling \$18,686, which offset the portfolios’ net investment return of \$65,292.

Income receipts totaling \$48,610 plus net realized and unrealized capital gains of \$16,682 combined to produce the portfolios’ net investment return.

For the fourth quarter (QE 12/31/24), the American Realty Advisors Core Realty account gained 1%, which trailed the NCREIF NFI-ODCE Index's return by 20 basis points (0.2%). Over the trailing twelve-month period, the account returned -1.2%, which outperformed the benchmark by 20 basis points (0.2%). Since December 2014, the portfolio has returned 6.0% per annum, while the NCREIF NFI-ODCE Index returned an annualized 5.9% over the same period. This concluded the report.

HARDMAN JOHNSTON INTERNATIONAL EQUITY:

Reporting on behalf of Hardman Johnston Global Advisors was Mr. Jim Pontone. Mr. Pontone advised the Board that they continue to be an independent global equity boutique investing in high-quality growth companies at value prices. It is their belief that earnings growth drives stock performance over time and that there are short-term inefficiencies in the market that create attractive entry points.

As of the quarter ending December 31, 2024, the Davie Police Pension Plans' Trust Hardman Johnston International Equity Group account was valued at \$27,374,419, which represented a decrease of \$974,999 relative to the September 2024 quarter ending value of \$28,349,418. Over the last three months, the fund recorded net withdrawals totaling \$53,799 and net investment losses totaling \$921,200. Since there were no income receipts during the fourth quarter, net investment losses were comprised entirely of net realized and unrealized capital losses.

For the fourth quarter (QE 12/31/2024), the Hardman Johnston International Equity Group Trust portfolio returned -3.3%, which outperformed the benchmark MSCI EAFE Index return by 4.8% and ranked in the 11th percentile of the International Equity universe. Over the trailing year, the portfolio returned 13.9%, which was 9.6% above the benchmark and ranked in the 9th percentile. This concluded the report.

DAHAB ASSOCIATES:

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Reporting on behalf of Dahab Consulting was Mr. David Lee. Mr. Lee advised the Board that while it was a good quarter for the growth sector stocks, value stocks did not fare as well across the board.

On December 31st, 2024, the Davie Police Pension Plan was valued at \$235,399,900, representing an increase of \$3,495,809 from the September 30th, 2024, ending value. For the quarter, the Fund posted net contributions totaling \$5,624,909, which overshadowed the accounts' \$2,129,100 net investment loss for the same period. The Funds' net investment loss was a result of income receipts totaling \$513,604 and realized and unrealized capital losses totaling \$2,642,704.

During the fourth quarter, the Composite portfolio lost 0.9%, which was 0.5% below the Davie Police Manager Shadow Index's return of -0.4% and ranked in the 43rd percentile of the Public Fund universe. Over the trailing year, the portfolio returned 9.8%, which was 1.3% below the benchmarks' 11.1% performance, and ranked in the 61st percentile. For comparison, the Davie Police Manager Shadow Index returned an annualized 7.5% over the same time frame. This concluded the report.

PLAN ADMINISTRATOR - PPA:

Mr. Brillant stated that Mr. Mackie will be recognized at the March 19th Town of Davie Council meeting for his service to the Davie Police Pension Board of Trustees. This concluded the report.

OPEN DISCUSSION:

Mr. Davis advised the Board that while attending the IFEBP conference, there was tremendous interest and discussion with regard to artificial intelligence and its' rightful place in the investment/money manager universe. The question was asked if AI was being utilized by the administrator or if it was being explored. Mr. Brillant advised that to the extent Google and Microsoft have integrated some forms of AI into their platforms, there was at this point no further AI exposure. Mr. Brillant advised that there is great trepidation with regard to any other portals by which member information may be hacked and at this point there was no plan to explore any further exposure.

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Mr. Davis then inquired about the Trustee in training program and the need to have someone ready to go when a trustee retires, is not re-elected, or steps down for other reasons, leaving the Board short. It was noted that the last trustees in training, Mr. Perez and Mr. Ortenzo, are currently members of the Board and a stellar example of the advantages of a trustee being prepared to actually become a trustee on the Board. As Mr. Mackie was a Council Appointee to the Board, Mr. Ortenzo advised he has spoken with the Town Administrator about the need to replace Mr. Mackie in a timely manner. Mr. Lemack agreed and stated he would bring the topic forward to Councilmembers.

ADJOURN:

A Motion was made at 4:30 p. m. to adjourn by Mr. Taylor with a Second by Mr. Perez. The Motion passed without dissent, 4/0.

The next meeting is tentatively scheduled for May 13, 2025, at 1:30 P.M.

CHAIRMAN FOR THE BOARD

Signed by:

Paul Ortenzo

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Paul Ortenzo