

**CITY DAYTONA BEACH POLICE AND FIRE PENSION FUND
PENSION BOARD OF TRUSTEES QUARTERLY MEETING**

**City Hall, Council Chambers
301 S. Ridgewood Ave, Daytona Beach, FL 32115**

Monday, February 5, 2018, 8:30am

TRUSTEES PRESENT: Mark Eisner
Don Ruitter
Terence Henry
Dan Bolderjack
Erin Masters

TRUSTEES ABSENT:

OTHERS PRESENT: Bill Cottle, Milliman USA
Steven Cottle, Milliman USA
Pedro Herrera, Plan Attorney
Darrell Thompson, Foster & Foster
James Sexton, City of Daytona Beach
David Ellison, Plan Member
Kevin Campbell, Dupont
Tony Dote, Lazard
Members of the Public

- I. **Call to Order/Roll Call/Determination of a Quorum** Mark Eisner called the meeting to order at 8:30am
- II. **Agenda Modification**
 - A. Pedro Herrera advised that Board that Terry Henry's seat was set to expire and that we should take action at the beginning of the meeting to ensure it was properly filled.

The Board voted to nominate Terry Henry to the 5th seat of the Board upon motion by Don Ruitter and second by Erin Masters, motion carried 4-0.

The Board voted to approve the March 17, 2017 quarterly and joint meeting minutes upon motion by Terence Henry and second by Don Ruitter, motion carried 4-0.

- III. **Public Comment**
 - A. Mark Ellison addressed the Board concerning the portion of his monthly pension benefit received by his ex-spouse. Her benefit was never increased as ordered by their QDRO and he now owes a lump-sum payment to her. PRC and Foster & Foster have different dates of COLA origination and he would like some clarification. Don Ruitter stated that he thought the COLA began in 2011 so 2% increases should start from then.

IV. **Approval of Minutes**

The Board voted to approve the 10-30-17 minutes upon motion by Don Ruitter and second by Terry Henry, motion carried 5-0.

- V. **Reports (Attorney/Consultants)**
 - A. Kevin Campbell, Dupont, Investment Manager
 1. Kevin highlighted the Company overview, fund types, history of management, alignment of interests with client, and management team. He outlined the Fund IV offering and its setup, along with commitment breakdown and asset makeup.

- B. Tony Dote, Lazard Investment Manager
1. Tony highlighted the Global Listed Fund. (closed to new investors). Global equity fund, invests in preferred infrastructure, looks for high-quality low-volatility. Targets inflation +5%, sits somewhere between Equities and Fixed Income on the return curve. Had an abnormal Q\$ in 2017.
 2. Pedro Herrera asked about risk changes in the future. Tony stated there should be little change, as risk has helped drive alpha.
 3. Terry Henry asked about U.S. infrastructure? Tony thought it may be too early to know; need to watch projects vs. spending to see.
 4. Bill Cottle asked about overlap in investments between the GLI and the GEF funds? Tony stated there is very little; only 8 companies in both funds.
 5. Tony highlighted IGT (company) as a gaming name behind lottery, very attractive.
- C. David Blackrock Global Renewable Power, Investment Consultant
1. David discussed NAV issues in GRP I; working to standardize the NAV process and on exiting assets. 2018 timeline is to be out in Q2 with feedback in Q3.
 2. There are 11 investments already in GRP II; fund looking to be strategic in investments moving forward.
 3. Mark Eisner asked if pleased with how Fund II is shaping up:
 - i. Partner I Japan looking very good; Low interest rate in Japan helping. U.S. investments are diversified nicely; some yield compression, but long-term assets that look good. An Australia developer helped with the fund. The Global nature of the fund is working nicely.
 - ii. Mark thanked David
- D. Bill Cottle and Steve Cottle, Milliman USA, Investment Consultant
1. Bill Cottle looked at January numbers; S&P up 5.7% AggBond down 1.57%
 - i. Market value of the fund as of December 31, 2017, was \$187,072,797.
 - ii. Gross earnings for the quarter were 3.30% matching the policy benchmark of 3.30%. Trailing returns for the 1, 3, and 5-year periods were 15.10%, 6.50%, and 8.60%. Since inception (October 1997) gross earnings were 6.8%, matching the benchmark
 - iii. Bill stated that this plan is one of the best returns by Milliman clients.
 - iv. Bill is disappointed with Blackrock Infrastructure; and stated that Sawgrass needs to earn their keep on the downside.
 2. Steve Cottle reviewed the asset allocation study.
 - i. Would like a bigger role for private equity. Perhaps add private real estate. Look at a mix between proposal #3 and #4 (pg 2 in study)
 - ii. Proposed bringing in 3 private equity managers. Look at a 3-4 year build-out; maybe \$20M to 2-3 firms over the next 2 years.
 - iii. Don asked a few questions about the timing of how this works.

The Board voted to adopt asset mix #3 as presented upon motion by Don Ruiter and second by Terence Henry, motion carried 5-0.

Pedro mentioned the Special meeting March 5th at 10:00 AM to interview managers. Steve Cottle will be stepping in at this meeting.

- E. Pedro Herrera, Sugarman & Susskind, Plan Attorney

1. Pedro presented the Summary Plan Description; mentioned that is basically a “readers digest condensed form” of the Ordinance.

The Board voted to approve SPD as presented upon motion by Don Ruitter and second by Erin Masters, motion carried 5-0.

2. Pedro stated that Legislation starts early.
 - i. Pedro outlined HB 695/ SB 900 – the Cancer Bill. This bill amends 175/185 to require cancer provisions. This offers payout options and lots of In-Line-Of-Duty death benefits.
 - ii. HB 980 / SB 1363. This bill introduces additional actuarial reporting requirements. Requires a list of pre-retirement benefits. Must show why your discount rate is different from the FRS rate. Show liability as a % of revenue rather than flat dollar or percent of payroll. Also requires to be filed many times.

VI. **New Business**

- A. Discussed increasing per diem for travel from \$50/day to \$80/day.

The Board voted to increase per diem to \$80/day upon motion by Terry Henry and second by Don Ruitter, motion carried 5-0.

- B. The Board discussed secession planning for Mark and Don’s seats. Proposed identifying replacements now and allowing them to attend 2 conferences or State Schools per year and requiring them to attend quarterly meetings.

The Board voted to approve the proposed secession plan upon motion by Don Ruitter and second by Terry Henry, motion carried 5-0.

VII. **Old Business** None.

VIII. **Consent Agenda**

- A. Warrant #11, #12, and #13 for ratification was reviewed and approved by the Board.
- B. Warrant #14 was reviewed and approved for payment by the Board.
- C. Fund activity report for October 24, 2017 – January 29, 2018.

The Board voted to approve the consent agenda as presented upon motion by Don Ruitter and second by Dan Bolderjack, motion carried 5-0.

IX. **Staff Reports, Discussion, and Action**

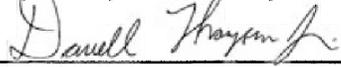
- A. Darrell Thompson, Plan Administrator
 1. Darrell reviewed the Records Manager Liaison Officer (RMLO) statement with the Board before they signed.
- B. Educational Opportunities
 1. Darrell Thompson reviewed the upcoming State of Florida conference and FPPTA trustee school schedule.

X. **Trustee Reports, Discussion, and Action** - None

XI. **Adjournment** - The meeting adjourned at 10:21 am.

XII. **Next Meeting** April 30, 2018 at 8:30 am for quarterly Board meeting.

Respectfully submitted by:



Darrell Thompson, Plan Administrator

Approved by:



Mark Eisner, Chairman

Date Approved by the Pension Board:

April 30, 2018