

**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, April 30, 2018, 8:30AM

TRUSTEES PRESENT: Mark Eisner
Don Ruitter
Terence Henry
Erin Masters

TRUSTEES ABSENT: Dan Bolderjack

OTHERS PRESENT: Bill Cottle, Milliman
Steve Cottle, Milliman
Pedro Herrera, Sugarman & Susskind
Darrell Thompson, Foster & Foster
Chermaine Fullinck, DFA
Gavin Crabb, DFA
Gary Gustovich, DFA
Chris Greco, Sawgrass Asset Management
Marty LaPrade, Sawgrass Asset Management
Chuck Bryant, Kennedy Asset Management
Chad Hoffman, Kennedy Asset Management
Clint Doroff, Nuveen Asset Management

- I. **Call to Order/Roll Call/Determination of a Quorum** Mark Eisner called the meeting to order at 8:32AM.
- II. **Public Comment** - None
- III. **Chairman's Comments**
 - A. Mark Eisner presented Erin Masters with a plaque in honor of 10 years of service.
 - B. Mark Eisner presented Terence Henry with a plaque in honor of 10+ years of service.
 - C. Mark Eisner presented Don Ruitter with a plaque for 10+ years of service.
- IV. **Approval of Minutes**

The board voted to approve the February 5, 2018 quarterly meeting minutes as presented upon motion by Don Ruitter and second by Terence Henry, motion carried 4-0.

- V. **Reports (Attorney/Consultants)**
 - A. Clint Doroff, Nuveen Asset Management, Investment Manager
 - i. Clint Doroff reviewed the firm's make-up and commented they have approximately \$967B in assets under management.
 - ii. Clint Doroff reviewed the firm's advantages. Clint commented they have a successful long-term track record and a history of financial stability.

- iii. Clint Doroff reviewed the office locations and commented they are headquartered in Chicago.
- iv. The market value of the fund as of March 31, 2018 was \$6,770,429.
- v. Gross earnings for the quarter were -6.78% outperforming the benchmark of -8.09%.
- vi. Trailing gross returns for the 1, 3, and 5 year periods were -1.25%, 2.68%, and 7.43%.
- vii. Clint Doroff commented REIT's are trading higher than expected.

B. Chermaine Fullinck/Gary Gustovich/Gavin Crabb, DFA, Investment Manager

- i. Gary Gustovich gave a firm update and commented they have approximately \$586B in assets under management.
- ii. Gary Gustovich reviewed the financial economists and researchers who serve as directors.
- iii. The dimensions of expected returns were reviewed. Gavin Crabb commented that expected returns are driven by prices investors pay and cash flows they expect to receive.
- iv. Gavin Crabb reviewed their strategy focus and the track record after fees. Gavin informed the board that they do not invest in REITs or highly regulated utilities.
- v. Chermaine Fullinck reviewed the drivers of trading costs. Chermaine stated that they use a statistical strategy versus a tactical strategy.

C. Chuck Bryant/Chad Hoffman, Kennedy Asset Management, Investment Manager

- i. Chuck Bryant reminded the board that they manage two strategies, SMID-Cap Growth and the Small Cap Core Fund.
- ii. Chad Hoffman reviewed the firm's philosophy. Chad commented that they believe cash flow is a good measure of performance.
- iii. Chad Hoffman reviewed the life-cycle of the market and advised that they invest during the ups and downs.
- iv. The board reviewed the SMID underperformance. Chuck Bryant stated that their diversity helps in all markets but may fall short in some short-term irregular markets.
- v. Chad Hoffman advised the board that they stay sector neutral. The board discussed future corporate company mergers.
- vi. The board discussed organizational changes. Chuck commented that their new CEO is Don Cobin.
- vii. Steve Cottle discussed a possible international offering. Chuck Bryant commented that it's a possibility, but they do not currently offer this.

D. Chris Greco/Marty LaPrade, Sawgrass Asset Management, Investment Manager

- i. Marty LaPrade reviewed the firm's investment philosophy and reminded the board that they are positioned to provide downside protection.

- ii. The market value of the fund as of March 31, 2018 was \$19,800,529. The quarter to date net returns were -0.06%, underperforming the benchmark of 1.42%.
- iii. Marty LaPrade reviewed the top holdings. Marty advised they do not have holdings in some of the high flyer technology stocks, as they don't match their strategy.
- iv. Marty LaPrade reviewed the detractors and advised that they have started to trim their investments in these stocks.
- v. The board reviewed the historical run of the bull market.

E. Bill Cottle/Steve Cottle, Milliman, Investment Consultant

- i. Steve Cottle gave a brief overview of the market environment during the quarter.
- ii. Market value of the fund as of March 31, 2018 was \$180,422,880. Total fund gross earnings for the quarter were 0.1% outperforming the policy benchmark of -0.8%. Fiscal YTD total fund gross earnings were 3.4% outperforming the benchmark of 2.5%. Trailing total fund gross returns for the 1, 3, and 5 year periods were 11.0%, 5.5%, and 7.3%. Steve commented that the changes to the asset allocations have really helped the fund.
- iii. Steve Cottle reviewed the performance of each manager and expressed his frustration with Sawgrass. Steve commented that they may have to find a manager that compliments Sawgrass.
- iv. Steve Cottle reviewed the Emerging Markets allocation and advised they need to increase it by 5.0%. Steve stated that the board can interview two managers at the next quarterly meeting.
- v. Steve Cottle reviewed the upcoming capital calls. The board discussed DuPont and the fact that Kevin Campbell, the managing director, left the firm.

The board voted to withhold the \$5M commitment to DuPont upon motion by Don Ruitter and second by Terence Henry, motion carried 4-0.

F. Pedro Herrera, Sugarman & Susskind, Plan Attorney

- i. Pedro Herrera stated that no pension reform bills passed. Pedro explained the bill allowed first responders to receive workers' compensation indemnity benefits for PTSD without a physical injury occurring. Pedro commented that the bill recognized PTSD as an occupational disease, but it does not presume it. Pedro explained the bill is primarily intended to extend workers' compensation benefits under Chapter 440 but could have an impact on the plan.
- ii. Pedro Herrera advised that the Adams Street paperwork is underway, and he didn't see any issues arising.

VI. **New Business** – None, as it was covered by Milliman during their quarterly report.

VII. **Old Business** – None

VIII. **Consent Agenda**

A. Payment ratification

- i. Warrant #15, #16, #17, #18, #19
- B. New invoices for payment approval
 - i. None
- C. Fund activity report for January 30, 2018 – April 23, 2018.

The board voted to approve the Consent Agenda as presented upon motion by Don Ruiter and second by Terence Henry, motion carried 4-0.

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

A. Foster & Foster, Darrell Thompson, Plan Administrator

i. The board discussed releasing a draft copy of the 9/30/17 audit to the City. By consensus, the board agreed that a draft audit should be sent to the City, as soon as it's available.

ii. Darrell Thompson gave an update on the online calculator. Foster & Foster is finalizing the coding and running data tests.

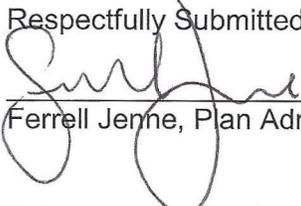
iii. Darrell Thompson reviewed the upcoming NCPERS, Division of Retirement, and FPPTA conferences.

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

XI. **Adjournment** - The meeting adjourned at 11:00AM

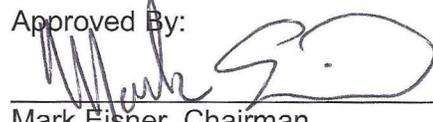
XII. **Next Meeting** – April 30, 2018, immediately following, Disability Hearing

Respectfully Submitted By:



Ferrell Jenne, Plan Administrator

Approved By:



Mark Eisner, Chairman

Date Approved by the Pension Board:

AUGUST 27, 2018