

**CITY OF 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  
Tuesday, August 3, 2021, 8:30AM**

**TRUSTEES PRESENT:** Jay Maher  
Michael Rowley  
Gregg Gurdak  
William Kuendig

**TRUSTEES ABSENT:** Erin Masters

**OTHERS PRESENT:** Pedro Herrera, Sugarman & Susskind (via phone)  
Bill Cottle, Milliman (via phone)  
Steven Cottle, Milliman (via phone)  
Kathleen Hurley, JP Morgan (via phone)  
Meena Gandhi, JP Morgan  
Melissa Anezinis, JP Morgan (via phone)  
Kristina Milberg, Adams Street Partners  
Morgan Holzaepfel, Adams Street Partners (via phone)  
Brendan Naughton, DuPont  
Jonathan Hum, DuPont  
Kevin Campbell, Taurus  
Eric Wilcomes, Taurus  
Katherine Bordlemay, Goldman Sachs (via phone)  
Kyla Petropolous, Goldman Sachs (via phone)  
Jennifer Hallgren, Goldman Sachs (via phone)  
Mindy Johnson, Salem Trust  
Drew Ballard, Foster & Foster (via phone)  
Ferrell Jenne, Foster & Foster  
Dale Morley, Plan Retiree (via phone)  
Clifford Taylor, Attorney of Dale Morley (via phone)  
Members of the Public

- I. **Call to Order/Roll Call/Determination of a Quorum** – Ferrell Jenne called the meeting to order at 8:43AM.
- II. **Public Comment** – None.
- III. **Approval of Minutes**

**The minutes from the May 4, 2021, quarterly meeting were approved, upon motion by Gregg Gurdak and second by Michael Rowley; motion carried 4-0.**

IV. **New Business**

- A. Further discussion of Dale Morley's overpayment
  - i. Clifford Taylor introduced himself and advised he was the attorney for Dale Morley. Clifford commented Dale received notice that he had been overpaid by approximately \$169,000. Clifford commented an unmodified alimony had been set based on the monthly pension benefit amount Dale Morley was receiving, and he was currently working as a security officer and collecting a small Social Security benefit. Clifford commented Dale was seeking forgiveness of his overpayment.
  - ii. Dale Morley commented at no point in time was he aware he was receiving an incorrect monthly benefit amount. Pedro Herrera asked if there was a court order that could alter the alimony payment if it was shown that his monthly pension benefit amount had decreased. Clifford

Taylor commented he believed in Florida the amount could be modified. Dale confirmed he was divorced in Wisconsin and the divorce agreement stated his ex-spouse got \$1,000 per month and was not contingent on the pension amount. Dale commented the \$1,000 monthly amount was not able to be changed.

- iii. Clifford Thomas commented given the unmodified alimony amount along with his current financial situation, the member was not able to repay the \$169,000.
- iv. The Board discussed going after the company that set up the inflated benefit amount. Pedro Herrera commented he would have to review the statute of limitations.
- v. Pedro Herrera commented the goal was to come to a common agreement and set up a repayment plan. Clifford Taylor commented they continued to ask for forgiveness of the overpayment, but they would do what the Board mandated. Dale Morley commented due to the pension reduction, he had already sold properties and cars just to make ends meet. Dale commented the overpayment was not intentional, and he requested forgiveness. Pedro commented several correspondence documents were sent to Dale and were met with no response.
- vi. Ferrell Jenne reminded the Board the member was receiving annual COLAs and continued to be eligible for those COLAs each December. Pedro Herrera presented the option to forgo all future COLAs if the member could not afford a repayment plan.
- vii. Pedro Herrera commented he would review the documents sent by Ferrell Jenne and would reach out to the pension administrator, actuary, and custodian that were hired at the time the benefit was set up.

**The Board voted to table a decision on the Dale Morley overpayment until the next quarterly meeting, upon motion by Gregg Gurdak and second by William Kuendig; motion carried 4-0.**

- B. Allowance for Temporary Relief Benefit, Evan Schantz
  - i. Ferrell Jenne reviewed the Temporary Relief Benefit provision. Ferrell commented she reached out to the prior Chairman who stated he had never had a member apply for this benefit. Pedro Herrera commented he reached out to the prior attorney, and he did not recall a member ever making application for this benefit.
  - ii. Pedro Herrera commented this provision was not included in any other plan they represented.
  - iii. Michael Rowley confirmed the member was a firefighter and still on light duty.
  - iv. Pedro Herrera commented if approved, the City would make the payment through the payroll department. Pedro commented per the Ordinance, the member must make application to the Board and the Board must approve the benefit.
  - v. The Board discussed the liability of approving the allowance for the Temporary Relief Benefit. Pedro Herrera commented the City would verify the requirements were met before paying out the benefit.

**Pursuant to Section 10 of the Ordinance the Board approved the allowance for the Temporary Relief Benefit for Evan Schantz based on the facts presented and the requirements were verified by the City, upon motion by Gregg Gurdak and second by William Kuendig; motion carried 4-0.**

- C. Proposed 2021-2022 budget
  - i. Ferrell Jenne briefly reviewed the budget requirement and each expenditure type.

**The Board voted to approve the FY 2021-2022 budget as presented, upon motion by Michael Rowley and second by Gregg Gurdak; motion carried 4-0.**

V. **Reports (Attorney/Consultants)**

- A. Foster & Foster, Drew Ballard, Board Actuary (via phone)
- i. Revised October 1, 2020, actuarial valuation report
    - i. Drew Ballard commented when they presented the original valuation report, it showed the City had a shortfall. After discussions with the City, it was discovered the City wanted to hold the prepaids and not apply it towards the UAAL. Drew commented no assumptions or data was changed; the only change was to use the prepaid City contributions towards the City's funding requirement.
    - ii. Drew Ballard stated the City confirmed they wanted all prepaids to be held. Drew stated during the actuarial transition it was not communicated on how to use the prepaids.

**The Board voted to approve the revised October 1, 2020 valuation report as presented, upon motion by Gregg Gurdak and second by Michael Rowley; motion carried 4-0.**

- ii. Discussion of maximum monthly benefit analysis policy
    - i. Drew Ballard reviewed the recent Ordinance that reduced member contributions for members who had reached the benefit cap. Drew stated a policy needed to be set on how to implement the contribution reduction. Drew suggested running an annual test and once the member reached the maximum benefit, the contributions would be reduced the first day of the following month. Drew commented it would be very difficult to catch the reduction on the exact day the maximum benefit was reached.
    - ii. Pedro Herrera asked Drew Ballard to draft a policy that could be presented at the next meeting for formal Board approval.
- B. JP Morgan, Kathleen Hurley/Meena Gandhi/Melissa Anezinis, Investment Manager
- i. Quarterly report as of June 30, 2021
    - i. Kathleen Hurley introduced herself as the relationship manager. Kathleen thanked the Board for their support in their real estate fund and private equity funds.
    - ii. Meena Gandhi introduced herself and stated she had been with JP Morgan for 20 years. Meena reviewed the global team and commented the team invested alongside the fund.
    - iii. Meena Gandhi reviewed the three types of investments and the investment philosophy.
    - iv. Meena Gandhi stated co-investments had been an important component of their portfolio and had provided long-term benefits to the overall portfolio. Meena commented the portfolio also used PEG venture capital.
    - v. Meena Gandhi commented the plan invested \$10 million in the Global Private Fund VII in 2018. Meena commented the fund size was \$850 million and approximately 60% was invested. Meena commented Fund VII was tracking a net return of 19% as of 3/31/21. Meena commented 67% of Fund VII was comprised of partnerships and 32% in direct investments.
    - vi. Melissa Anezinis reviewed the recent real estate market environment. Melissa commented the core real estate's recovery had taken longer but had begun. Melissa reviewed the role of the external auditors and the values that fell during the pandemic recession. Melissa commented they were targeting an 8-10% return over the next three years.

- vii. Melissa Anezinis commented the fund had a gross asset value of \$40 million and only had approximately 6% of the portfolio in development, which equated to a lower risk portfolio.
- viii. Melissa Anezinis commented they had recently made a higher allocation to the industrial sector and had approximately \$1 billion new commitments year-to-date in 2021.

C. Adams Street Partners, Kristina Milberg/Morgan Holzaepfel, Investment Manager

i. Quarterly report as of June 30, 2021

- i. Kristina Milberg introduced herself and stated she was a principal of the firm. Kristina commented they were 100% committed to private markets and currently had approximately \$45 billion in assets under management.
- ii. Kristina Milberg commented the target net return was 14-18%. Kristina commented they focused on dislocation, innovation, and rapidly growing sectors.
- iii. Morgan Holzaepfel reviewed the current state of the private equity market.
- iv. Kristina Milberg reminded the Board they made a \$10 million commitment in 2018 to the global fund. Kristina commented 100% of the fund was invested. Kristina reviewed the subclass allocations and the correlating annualized returns.

D. DuPont, Brendan Naughton/Jonathan Hum, Investment Manager

i. Quarterly report as of June 30, 2021

- i. Brendan Naughton introduced himself and commented he was a principal of the firm. Brendan stated they currently had approximately \$27 billion in assets under management. Brendan commented they applied disciplined value-oriented approaches to deliver consistent risk-efficient results.
- ii. Jonathan Hum introduced himself and commented he was a senior analyst. Jonathan reviewed the private markets team and commented the senior team had an average tenure of 19 years and 22 years of industry experience.
- iii. Jonathan Hum reviewed Fund IV and commented they were focused on smaller fund sizes and favored the leverage buyout/special situations.
- iv. Jonathan Hum reviewed the top ten investments by return multiple.
- v. Brendan Naughton reviewed Fund V and commented the target fund was \$100 million. Brendan commented their management fees were reduced for funds that reinvested and the commitment period was 4 years.

E. Goldman Sachs Asset Management (GSAM), Katherine Bordlemay/Kyla Petropolous/ Jennifer Hallgren, Investment Manager

i. Quarterly Report as of June 30, 2021

- i. Katherine Bordlemay introduced herself and stated they were proposing the Board to switch from the Emerging Markets Equity fund to the newly launched collective investment trust (CIT) vehicle. Katherine commented the main difference between the two was the CIT had lower fees and a higher investment minimum. Katherine commented the two funds had the same strategy and portfolio. Katherine commented the goal to launch the CIT was late 2021 and the management fees would be 70-75 BPS. Steven Cottle recommended to move to the CIT vehicle.

**The Board approved moving to the GSAM CIT vehicle, upon motion by Jay Maher and second by Michael Rowley; motion carried 4-0.**

- ii. Steven Cottle commented when the offering memo was issued, he would send it to Pedro Herrera to review. Steven confirmed funds would remain in the current vehicle until the CIT vehicle was launched.

F. Taurus, Kevin Campbell/Eric Wilcomes, Investment Manager

i. Quarterly report as of June 30, 2021

- i. Kevin Campbell reviewed the portfolio construction and commented 80% of what they did was leveraged buyouts in the lower middle market. Kevin commented they were 100% invested in North America and the underlying fund sizes for leverage buyout/private credit was \$1.25 billion and under and \$750 million and under for venture capital.
- ii. Eric Wilcomes introduced the Private Markets team and reviewed their experience.
- iii. Eric Wilcomes gave a portfolio update. Eric commented to date, they had completed investments with 10 private equity managers and the portfolio was performing ahead of expectations.
- iv. Kevin Campbell reviewed the 10 private equity managers and the associated performance of each over the past 2 years. Kevin commented they expected to add 5 more managers in 2021.
- v. Eric Wilcomes commented 17% had been called from investors through July 2021 and the 2020 financial audit had been completed.

G. Milliman, Steven Cottle/Bill Cottle, Investment Consultant (via phone)

i. Quarterly report as of June 30, 2021

- i. Steven Cottle gave an overview of the market environment during the quarter and commented no managers were on watch.
- ii. The MVA as of 6/30/21 was \$244,465,627.
- iii. Steven Cottle reviewed the current asset allocations and commented everything was within the IPS ranges.
- iv. The total fund gross returns for the quarter were 6.3%, outperforming the benchmark of 5.5%. The 1, 3, and 5-year trailing total fund gross returns were 32.1%, 15.4% and 13.1% respectively, compared with the benchmarks of 29.0%, 11.9% and 10.8% for the same respective periods.
- v. Steven Cottle reviewed the asset changes that had been made over the past 5 years.
- vi. The Board briefly reviewed the risk/reward statistics for the 3-year and 5-year periods.
- vii. The Board discussed commitments to the private equity portfolios. Steven Cottle commented JP Morgan and Adams Street were fully invested. Steven commented he would like to bring some comparative information to the next meeting and have Adams Street and JP Morgan on the phone to answer any questions.

H. Salem Trust, Mindy Johnson, Board Custodian

i. Update on Salem Trust

- i. Mindy Johnson introduced herself and reminded the Board they were hired approximately 2 years ago as the custodian. Mindy briefly reviewed the GSAM CIT vehicle and confirmed they could hold the asset or shadow it.

I. Sugarman & Susskind, Pedro Herrera, Board Attorney (via phone)

i. Update on Aaron Paro, disability applicant

- i. Pedro Herrera gave an update on Aaron Paro and stated the special counsel advised the deposition was rescheduled for 8/25/21. Pedro commented after the deposition was completed, the Board could reconvene for the full disability hearing. Jay Maher stated the member no longer worked for the department. Pedro commented his understanding was that it was a medical termination, but he would confirm with the City.
- ii. Pedro Herrera reminded the Board to file their financial disclosure forms, as they were due on 7/1.
- iii. Pedro Herrera briefly reviewed the economic stimulus checks that were being issued for police officers and firefighters.
- iv. Pedro Herrera thanked the Board for allowing him to attend via phone, as his immediate family tested positive for COVID.

VI. **Old Business** – None.

VII. **Consent Agenda**

- A. Payment ratification
  - i. Warrants #85, #86, #87
- B. New invoices for payment approval
  - i. None
- C. Fund Activity report for period April 28, 2021 – July 27, 2021

**The consent agenda was approved as presented, upon motion by Michael Rowley and second by Gregg Gurdak; motion carried 4-0.**

VIII. **Staff Reports**

- A. Foster & Foster, Ferrell Jenne, Plan Administrator
  - i. Fiduciary liability policy renewal
    - i. Ferrell Jenne commented the current fiduciary liability policy was set to expire on 8/10/21. Ferrell commented the premium quote for 2021-2022 did not change and remained at an annual payment of \$11,921 for a \$3 million policy.

**The Board voted to approve binding the 2021-2022 fiduciary liability policy as presented, upon motion by Gregg Gurdak and second by Michael Rowley; motion carried 4-0.**

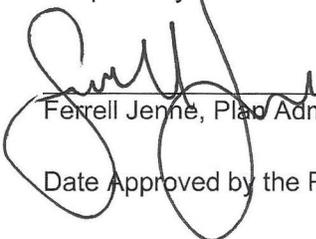
- ii. Financial disclosure forms
  - i. Ferrell Jenne commented she searched all the trustees on the State's website and all trustees had filed except William Kuendig, who did not show up as he was a new trustee.
- iii. Educational opportunities
  - i. Ferrell Jenne reviewed the upcoming educational opportunities.

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

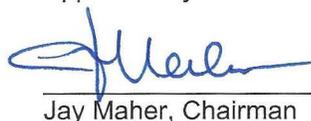
X. **Adjournment** - The meeting adjourned at 11:38AM.

XI. **Next Meeting** – November 2, 2021, at 8:30AM, Quarterly Meeting

Respectfully Submitted By:

  
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 Ferrell Jenne, Plan Administrator

Approved By:

  
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 Jay Maher, Chairman

Date Approved by the Pension Board:

**NOVEMBER 2, 2021**