

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

Commission Chambers

301 S. Ridgewood Ave, Daytona Beach, FL 32115

Tuesday, August 2, 2022, 8:30AM

- TRUSTEES PRESENT:** Jay Maher
Gregg Gurdak
William Kuendig
Erin Masters
- TRUSTEES ABSENT:** Michael Rowley
- OTHERS PRESENT:** Siera Feketa, Foster & Foster
Pedro Herrera, Sugarman & Susskind (via phone)
Bill Cottle, Milliman (via phone)
Steven Cottle, Milliman
Eric Wilcomes, Taurus
Kevin Campbell, Taurus
Kristina Milberg, Adams Street
Daryl Brown, Dupont (via phone)
Paul Leahy, Dupont (via phone)
Kathleen Hurley, JPMorgan (via phone)
Joseph Knight, JPMorgan (via phone)
Matt Jaffe, JPMorgan (via phone)

- I. **Call to Order/Roll Call/Determination of a Quorum** – The meeting was called to order at 8:33AM.
- II. **Public Comment** – None.
- III. **Approval of Minutes**
A. April 26, 2022, disability hearing minutes
B. May 3, 2022, quarterly meeting minutes
C. July 15, 2022, disability hearing minutes

The April 26, 2022, disability hearing minutes, May 3, 2022, quarterly meeting minutes, and July 15, 2022, disability hearing minutes were approved as presented, upon motion by Gregg Gurdak and second by William Kuendig; motion carried 4-0.

- IV. **Reports (Attorney/Consultants)**
A. Taurus, Eric Wilcomes/Kevin Campbell, Investment Manager
i. Quarterly report as of June 30, 2022
a. Kevin Campbell gave a brief overview of the funds that the Plan was invested in.
b. Eric Wilcomes gave an update on the portfolio commenting Fund I was close to being fully invested. Eric reviewed the makeup of the fund thus far commenting there were thirteen managers in the fund. Eric commented of the thirteen they had invested with nine previously. Eric commented all managers were doing well and exceeded expectations.
c. Kevin Campbell commented they had early positive performance on the portfolio.
d. The net returns for the second, third, and fourth quarter of 2021 and the first quarter of 2022 were 11.6%, 3.4%, 4.8%, and 1.3%, respectively.

- e. Kevin Campbell commented the plan had made a \$10M commitment and they called about 33% of that so far including the 5% that was called today.
- f. Eric Wilcomes and Kevin Campbell gave a brief update on Fund II commenting the Plan had made a commitment and would likely call capital from investors in the fourth quarter of 2022. Kevin expressed their excitement for Fund II after the great performance of Fund I.
- g. Eric Wilcomes gave a brief firm update and the staff they were adding to their team.
- h. Bill Kuendig commented Charles Schwab was always talking about the great reset and asked what that meant to them. Eric Wilcomes and Kevin Campbell reviewed, commenting, should the markets really correct, that would be the best time to make an investment in private equity.

B. Adams Street, Kristina Milberg, Investment Manager

i. Quarterly report as of June 30, 2022

- a. Kristina Milberg gave a brief update on the firm commenting there had been no significant changes, but they had added staff and opened another office.
- b. Kristina Milberg reviewed some highlights of Adams Street commenting they had \$50B in assets under management and were 100% independent and employee owned. Kristina commented since their inception, no client had lost capital in an Adams Street investment program.
- c. Kristina Milberg reviewed the performance over time commenting they had consistently outperformed across strategies.
- d. Kristina Milberg reviewed the sector-focused strategy.
- e. Kristina Milberg gave a brief update on the 2022 Global Private Equity Program.
- f. As of March 31, 2022, since inception, the Net Internal Rate of Return (IRR) was 39.55%. The MVA as of March 31, 2022 was \$9,878,757.
- g. Kristina Milberg reviewed the diversification of the investment commitments.
- h. Kristina Milberg reviewed the annualized general partner returns.
- i. Kristina Milberg reviewed the net asset value, capital calls, and distributions (actual and projected).
- j. Bill Kuendig asked what she had to say about the reset. Kristina Milberg commented the prior presenters answered well and gave a brief overview of her thoughts.

C. Dupont, Daryl Brown/Paul Leahy, Investment Manager (via phone)

i. Quarterly report as of June 30, 2022

- a. Paul Leahy gave a brief firm update commenting they had 101 employees. Paul reviewed the assets under management.
- b. Jay Maher asked if there were any changes in senior level management. Daryl Brown commented a decision was made last year to freeze any further commitments to private equity. Daryl commented they did have one individual leave to manage an active strategy. Daryl gave a brief update on that position commenting they expected to have it filled shortly.
- c. Daryl Brown gave an update on Fund IV reviewing the portfolio summary.
- d. Daryl Brown reviewed the performance strategy.
- e. Daryl Brown briefly reviewed the Fund VI commitments.

- f. Daryl Brown briefly reviewed the top ten holdings by commitment commenting they had done well with these funds.
- g. Daryl Brown reviewed their outlook on the performance of their investments.

D. JP Morgan, Kathleen Hurley/Joseph Knight/Matt Jaffe, Investment Manager (via phone)

i. Quarterly report as of June 30, 2022

a. Strategic Property Fund

- i. Kathleen Hurley reviewed the team that had joined the meeting and what their roles were in the firm.
- ii. The MVA as of June 30, 2022 was \$18,213,738.
- iii. The total fund gross returns for the quarter were 4.7%. The 1 and 3 year trailing total fund gross returns were 28.7% and 12% respectively. Since inception, the total fund gross returns were 10.5%
- iv. Matt Jaffe gave an update on their fund and their investments.
- v. Matt Jaffe reviewed the allocation commenting they focused on high growth sectors and regions.
- vi. Matt Jaffe reviewed the extended sectors commenting as they continued to grow the portfolio, they were always looking for the next innovation to provide growth.
- vii. Matt Jaffe reviewed the allocation details.

b. Private Equity

- i. Joe Knight gave a brief update on the fund commenting the capital had been fully committed.
- ii. Joe Knight reviewed the commitments and value creation summary commenting the net IRR for first quarter was 23%.
- iii. Joe Knight reviewed the private equity snapshot.
- iv. Joe Knight reviewed the fund composition by investment type and strategy.
- v. Joe Knight reviewed the Fund VII commitments.

Greg Gurdak left the room at 9:24AM

- vi. Joe Knight gave an update on the outlook of their investments.
- vii. Joe Knight briefly reviewed the portfolio characteristics and the industry overview by exposed market value.

E. Segal Marco, Steven Cottle (via phone)/Bill Cottle, Investment Consultant

i. Quarterly report as of June 30, 2022

- a. Steven Cottle gave a brief overview of the market during the quarter.

Greg Gurdak returned at 9:27AM

- b. Steven Cottle commented this was a rare circumstance where diversifying with stocks and bonds was not favorable. Steven reviewed the factors that impacted the market for the quarter.
- c. Bill Kuendig asked where he thought they would be at the end of the year. Steven Cottle commented he did not know the answer but reviewed his thoughts on the outlook for the rest of the year.
- d. The MVA as of June 30, 2022 was \$205,190,202.
- e. The total fund gross returns for the quarter were -9.7%, compared to the benchmark of -10.0%. The 1, 3, 5, and 7-year trailing total fund gross returns were -12.6%, 7.1%, 7.9%, and

7.0%, respectively, compared with the benchmarks of -9.7%, 5.8%, 6.3%, and 6.4% for the same respective periods. Fiscal year to date total fund gross return were -12.1%.

- f. Jay Maher asked if they were positioned well overall or if they should be making any adjustments. Steven Cottle commented they were not recommending any adjustments right now, but they were working on an asset allocation study. Steven commented he would present the preliminary results at the next meeting. Steven commented he expected that would confirm the path that they were on. Steven reviewed the long-term outlook of the plan and the investments.
 - g. Steven Cottle reviewed the total fund performance and characteristics.
 - h. Steven Cottle reviewed the risks and rewards of the plan portfolio.
 - i. Steven Cottle commented last week they were notified the investment with Blackrock was returning its capital for Renewable Power Fund I. Steven commented they were returning \$3.3M to close out that fund. Steven commented his recommendation was to sweep that in the Dodge & Cox Core Fixed Income, so it would be there for when they needed cash for benefit payments.
 - j. Steven Cottle and the Board discussed the current market environment along with the performance of the different asset classes within the portfolio.
- ii. Update on Milliman
 - a. Steven Cottle commented on July 7, 2022, Milliman joined with Segal Marco. Steven commented the trustees were provided with a presentation that was a brief summary about Segal Marco. Steven commented this was a positive and exciting change as they would have more resources at their disposal.
 - b. Steven Cottle apologized for the small delay in getting this information out, but he wanted to present it in person.
 - c. Erin Masters asked if it would change their point of contact. Steven Cottle commented there would be no changes other than the name as he would remain the contact for the plan, and they would not experience any other changes.
 - iii. Asset allocation study update
 - a. This was covered during the quarterly report.
- F. Sugarman & Susskind, Pedro Herrera, Board Attorney (via phone)
- i. Update on Dale Morley's benefit reduction
 - a. Pedro Herrera commented at the last meeting the Board approved a reduction in his payment by \$500 per month. Pedro commented they sent him and his attorney a notification stating that this was going to take place. Pedro reviewed the multiple attempts to reach out to him and work with him on this commenting he felt the Board made the right decision.
 - b. Gregg Gurdak asked for an update on the payment for the deceased retiree that was overpaid. Pedro Herrera commented they had been checking and to his knowledge an estate had not been opened yet.
 - ii. Summary Plan Description (SPD)
 - a. Pedro Herrera commented every two years they had to update the SPD. Pedro commented since the last SPD they had a new Collective Bargaining Agreement. Pedro commented he would present the SPD at the next meeting.
 - b. Pedro Herrera commented no bills had passed at the legislative session that impacted pension plans.

- c. Pedro Herrera reviewed the requirement to file the financial disclosure forms. Siera Feketa commented all trustees had filed their financial disclosure forms.

V. **New Business**

- A. Proposed 2023 meeting dates
 - i. Siera Feketa briefly reviewed the proposed 2023 meeting dates. The Board agreed with the dates by consensus.
- B. Proposed FY2022-2023 budget
 - i. Siera Feketa reviewed the requirement to have a budget adopted and sent to the City. Siera reviewed the proposed FY2022-2023 budget.

The Board approved the FY2022-2023 budget as presented, upon motion by Greg Gurdak and second by William Kuendig; motion carried 4-0.

VI. **Old Business** – None.

VII. **Consent Agenda**

- A. Payment ratification
 - i. Warrants #98, #99 and #100
- B. New invoices for payment approval
 - i. None
- C. Fund Activity report for period April 27, 2022 – July 26, 2022

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

VIII. **Staff Reports**

- A. Foster & Foster, Siera Feketa, Plan Administrator
 - i. Financial disclosure forms
 - a. Siera Feketa commented this was covered earlier in the meeting.
 - ii. Update on State Annual Report
 - a. Siera Feketa commented the revision was submitted on June 2, 2022, to include the audit that was approved.
 - iii. Educational Opportunities
 - a. Siera Feketa reviewed the FPPTA Fall Trustees School on October 2-5, 2022, in Orlando, FL and the NCPERS Public Safety Conference on October 23-26, 2022 in Nashville, TN.
 - iv. SB534 requirements
 - a. Siera Feketa reviewed the SB534 posting requirements commenting they were sent to the City for posting on July 25, 2022.
 - v. Update on Ordinance
 - a. Siera Feketa commented Ordinance 2022-258 was adopted on July 6, 2022 and sent to the State on July 11, 2022.

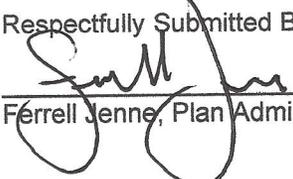
IX. **Trustee Reports, Discussion, and Action**

- i. Gregg Gurdak briefly discussed his learnings from the last educational conference.

X. **Adjournment** - The meeting adjourned at 10:00AM.

XI. **Next Meeting** – November 7, 2022, at 1:30PM, Quarterly Meeting

Respectfully Submitted By:



Ferrell Jenne, Plan Administrator

Approved By:



Jay Maher, Chairman

Date Approved by the Pension Board: NOVEMBER 7, 2022