

**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
Monday, November 7, 2022, 1:30PM**

- TRUSTEES PRESENT:** Michael Rowley
Jay Maher
Gregg Gurdak
- TRUSTEES ABSENT:** William Kuendig
Erin Masters
- OTHERS PRESENT:** Ferrell Jenne, Foster & Foster
Pedro Herrera, Sugarman & Susskind (via Zoom)
Bill Cottle, Segal Marco (via Zoom)
Patrick O'Neill, Segal Marco (via Zoom)
Steven Cottle, Segal Marco
Zander Grant, Wellington (via Zoom)
Ryan Lewis, Wellington (via Zoom)
Ryan Carrington, SKY Harbor
Roger Ackerman, Loomis Sayles
Matthew Buxton, Loomis Sayles
Members of the Public

- I. **Call to Order/Roll Call/Determination of a Quorum** – The meeting was called to order at 1:32PM by Ferrell Jenne.
- II. **Public Comment**
A. Jay Maher stated Segal Marco would move up to first under the Reports section, as Steven Cottle had a flight to catch.
- III. **Approval of Minutes**
A. August 2, 2022, quarterly meeting minutes

The August 2, 2022, quarterly meeting minutes were approved as presented, upon motion by Gregg Gurdak and second by Michael Rowley; motion carried 3-0.

- IV. **Reports (Attorney/Consultants)**
A. Segal Marco, Steven Cottle/Bill Cottle/Patrick O'Neill, Investment Consultant
i. Quarterly report as of September 30, 2022
a. Steven Cottle thanked the board for their flexibility in moving him up in the agenda. Steven stated the board would hear from numerous managers today regarding the market environment, but the overall theme was a tightening.
b. The market value of assets (MVA) as of September 30, 2022 was \$198,147,112.
c. Steven Cottle reviewed the current asset allocations and stated this would be further discussed during the asset allocation study.
d. The total fund gross returns for the quarter were -3.3%, compared to the benchmark of -6.3%. The 1, 3, 5, and 7-year trailing total fund gross returns were -15.0%, 6.0%, 6.3%, and 7.4%, respectively, compared with the benchmarks of -15.1%, 3.3%, 4.3%, and 6.2% for the same respective periods.
e. Steven Cottle stated as of October 31, 2022, fiscal year to date the plan was up approximately 2.0%
ii. Asset Allocation study preliminary results

- a. Steven Cottle stated they were starting an asset allocation study and wanted to answer any questions the board had. Steven stated the study would look at the liquidity of the plan versus the plan expenses.
- b. Patrick O'Neill stated they looked at the October 1, 2021 Valuation report and the current investment return assumption. Patrick stated they then took the current portfolio and assumptions and ran it through the 2022 capital market assumptions software. Patrick stated they also ran a cash flow analysis and stated there were no red flags.
- c. Patrick O'Neill reviewed the liquidity matrix and explained each tier. The asset classes had been separated into tiers based on their respective liquidity, or how easily they could be redeemed for cash. Tier 1 was the most liquid (daily liquidity) while Tier 6 was the least liquid (dollars tied up for 7 or more years). Patrick stated the plan had access to 79% of the assets within a year period. Patrick reminded the board there were still outstanding capital calls from the private equity managers.
- d. Patrick O'Neill reviewed the stress test considerations and stated the board should be comfortable with the illiquidity percentage of the portfolio, even given additional stress on the plan.
- e. Steven Cottle stated the plan was positioned well and did not recommend making any asset allocation changes.

Note: Steven Cottle left at 2:02PM

- B. Wellington, Zander Grant/Ryan Lewis, Investment Manager (via Zoom)
 - i. Quarterly report as of September 30, 2022
 - a. Zander Grant introduced himself and stated it had been a tough year. Zander stated the plan hired them back in 2016 and reviewed historical returns.
 - b. Ryan Lewis gave a firm update. Ryan stated they had added several senior managers to the investment team, but the portfolio manager had remained the same.
 - c. Ryan Lewis stated they were trailing the benchmark by approximately 250 basis points. Ryan stated the biggest headwinds were in the financial and consumer discretionary sectors.
 - d. Ryan Lewis stated they felt very good about the portfolio and stated the team was working hard to claw back some of the negative returns.
- C. Sky Harbor, Ryan Carrington, Investment Manager
 - i. Quarterly report as of September 30, 2022
 - a. Ryan Carrington stated they had no organizational changes. Ryan reminded the board they had an investment committee that evaluates all credit decisions impacting the portfolios.
 - b. Ryan Carrington stated they had done some repositioning to have a more quality portfolio. Ryan stated they had approximately 42% in BB Holdings, which was a significant increase for them.
 - c. Ryan Carrington stated they did not believe they were at the bottom of the market and reviewed the market indicators that precede a recession.
 - d. Ryan Carrington reviewed inflation and stated historically, inflation had declined as quickly as it went up.
- D. Loomis Sayles, Roger Ackerman/Matthew Buxton, Investment Manager
 - i. Quarterly report as of September 30, 2022

- a. Matthew Buxton stated they currently had approximately \$278B in assets under management. Matthew stated they had approximately 800 employees in the firm, and they were currently going under a voluntary separation program which would result in changes to the investment or management team.
- b. Matthew Buxton reviewed the sector teams and stated they developed top-down and bottom-up valuation framework and market analysis.
- c. Roger Ackerman reviewed the attributions and stated the plan had a multi-asset approach, with 50% in investment grade, 25% in high yield, and 25% in bank loans. Roger stated they believed they were well positioned to take advantage of where the market was going.
- d. Roger Ackerman reviewed the historical portfolio characteristics as of September 30, 2022 and how they were protecting the portfolio.

E. Sugarman & Susskind, Pedro Herrera, Board Attorney (via Zoom)

- i. Summary Plan Description (SPD)
 - a. Pedro Herrera stated they were working on the SPD, as they were incorporating the new Collective Bargaining Agreements. Pedro stated they would have it ready for the next quarterly meeting.
 - b. Pedro Herrera stated they reached out to the attorney that handled Robert May's estate, which was closed at the end of September. Pedro stated they were finding out what needed to be done to reopen the estate or file a claim. Pedro stated he would continue to update the board on the progress.
 - c. Pedro Herrera stated they would be making a charitable donation to American Red Cross Hurricane Relief Fund, and they would be donating on behalf of the board.

V. **Old Business** – None.

VI. **New Business** – None.

VII. **Consent Agenda**

- A. Payment ratification
 - i. Warrants #101, #102 and #103
- B. New invoices for payment approval
 - i. None
- C. Fund Activity report for period July 27, 2022 – October 31, 2022

The consent agenda was approved as presented, upon motion by Michael Rowley and second by Gregg Gurdak; motion carried 3-0.

VIII. **Staff Reports**

- A. Foster & Foster, Ferrell Jenne, Plan Administrator
 - i. Renewal of 2023 board memberships
 - a. Ferrell Jenne reviewed the 2023 board membership renewals, including IFEBP, NCPERS, and FPPTA.

The Board approved renewing the 2023 board memberships for IFEBP, NCPERS, and FPPTA, upon motion by Gregg Gurdak and second by Michael Rowley; motion carried 3-0.

- ii. Update on State Monies deposit
 - a. Ferrell Jenne confirmed the State Monies had been deposited.
- iii. Educational opportunities

a. Ferrell Jenne reviewed the upcoming educational opportunities available to the Board.

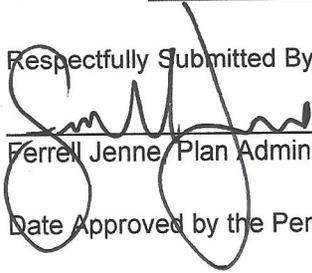
IX. **Trustee Reports, Discussion, and Action**

i. Bill Cottle confirmed the final asset allocation study would be presented at the next meeting.

X. **Adjournment** - The meeting adjourned at 3:06PM.

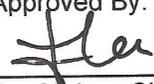
XI. **Next Meeting** – February 7, 2023, at 8:30AM, Quarterly Meeting

Respectfully Submitted By:



Ferrell Jenne, Plan Administrator

Approved By:



Jay Maher, Chairman

Date Approved by the Pension Board:

FEBRUARY 7, 2023