

**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 1, 2023, 8:30AM**

**TRUSTEES PRESENT:** Brenda Fischer  
Gregg Gurdak  
Jay Maher  
Erin Masters

**TRUSTEES ABSENT:** Michael Rowley

**OTHERS PRESENT:** Ferrell Jenne, Foster & Foster  
Pedro Herrera, Sugarman & Susskind (via Zoom)  
Bill Cottle, Segal Marco (via Zoom)  
Steven Cottle, Segal Marco  
Inez Garcia, Salem Trust Company  
John Cook, The Hogan Law Firm  
Dale Morley, Plan Retiree (via Zoom)  
Chris McDonald, Kennedy Capital (via Zoom)  
Chuck Bryant, Kennedy Capital (via Zoom)  
Kimberly Fetterman, DuPont (via Zoom)  
Daryl Brown, DuPont (via Zoom)  
Morgan Holzaepfel, Adams Street (via Zoom)  
Kristina Milberg, Adams Street (via Zoom)  
Katie Hammond, JP Morgan (via Zoom)  
Patrick Miller, JP Morgan (via Zoom)  
Larry Ostow, JP Morgan (via Zoom)  
Members of the Public

- 1) **Call to Order/Roll Call/Determination of a Quorum**
  - a) The meeting was called to order at 8:36AM by Ferrell Jenne.
- 2) **Public Comment** – None.
- 3) **Approval of Minutes**
  - a) May 2, 2023, quarterly meeting minutes

**The May 2, 2023, quarterly meeting minutes were approved as presented, upon motion by Gregg Gurdak and second by Brenda Fischer; motion carried 4-0.**

- 4) **New Business**
  - a) Kennedy Capital, Chris McDonald/Chuck Bryant (via Zoom)
    - i) Chuck Bryant stated they had created a composite that had the same investment team and exposure to SMID Cap Core. Chuck stated this was a response to House Bill 3 and concerns over Environmental, Social and Governance (ESG). Chris McDonald stated there were very minor differences between the current ESG SMID Cap and the SMID Cap Core portfolio and they would be outlined in the Investment Policy Statement (IPS). Chris reviewed the SMID Cap Core portfolio holdings and confirmed there would only be a couple of different stocks in the SMID Cap Core portfolio.

- ii) Chirs McDonald confirmed new contracts were not needed, just an updated schedule that confirmed the strategy the plan was invested in.

**The Board voted to move out of the Kennedy Capital ESG SMID Cap portfolio and into the Kennedy Capital SMID Cap Core portfolio, upon motion by Brenda Fischer and second by Gregg Gurdak; motion carried 4-0.**

- a. Dale Morley repayment plan
  - i. Pedro Herrera reminded the Board the overpayment was caught by Foster & Foster during a Cost-of-living Adjustment (COLA) audit. Pedro stated the member's benefit had been reduced and COLAs had ceased to try and recoup the large overpayment.
  - ii. John Cook stated he was representing Dale Morley and reviewed the proposal. John reminded the Board Mr. Morley had a family court obligation of \$1,000 per month and then was also having \$500 per month taken out to help recoup the overpayment that was made by the pension plan.
  - iii. Brenda Fischer asked about the total overpayment amount. Ferrell Jenne confirmed the original overpayment was \$169,077.02. Ferrell confirmed the member's benefit was reduced by \$500/month effective with his 12/1/2020 benefit payment and his 2.00% COLA ceased effective with the 12/01/2021 COLA.
  - iv. The Board further discussed the proposal and the language that stated the obligation ceased upon the member's death. The Board discussed the start-up of the COLA.
  - v. John Cook stated the family court obligation would cease in September of this year.

**The Board accepted The Hogan Law Firm's settlement proposal dated June 6, 2023 with the removal of items 4, 5, 6, upon motion by Brenda Fischer and second by Erin Masters; motion carried 4-0.**

- vi. Pedro Herrera stated upon the member's death, the plan could make a claim against the estate to recoup any funds that had not been repaid to the plan.
- vii. Pedro Herrera stated he would draft a promissory note to memorialize the Board's decision and get it over to the member's attorney.
- b. Proposed 2024 meeting dates
  - i. Ferrell Jenne commented she set the 2024 meeting dates following the same schedule as prior years. Ferrell commented she wanted to discuss the meeting start time, as she knew some trustees work nights and investment managers were in different time zones. Ferrell commented she checked with Steven Cottle and the later start time would work with his schedule. By consensus, the Board approved the 2024 meeting dates along with the 10:30am start time.
- c. Proposed 2023-2024 budget
  - i. Ferrell Jenne reviewed the proposed budget requirement and each expenditure type.

**The Board approved the 2023-2024 budget as presented, upon motion by Jay Maher and second by Gregg Gurdak; motion carried 4-0.**

- iii. **Reports (Attorney/Consultants)**
  - a. Salem Trust Company, Inez Garcia
    - i. Inez Garcia reviewed the pensioner portal and the online access the plan retirees would have. Inez confirmed there were no additional fees to launch the Salem Trust pensioner portal. Ferrell Jenne recommended not allowing retirees to change their ACH information online due to fraud.
    - ii. The Board discussed possible liability by having an online platform. Pedro Herrera stated any fraud due to the website would fall on Salem Trust.

**The Board approved the launch of Salem Trust pensioner portal without the option of direct deposit changes, as presented, upon motion by Jay Maher and second by Gregg Gurdak; motion carried 4-0.**

- b. JP Morgan, Katie Hammond/Patrick Miller/Larry Ostow (via Zoom)
  - i. Larry Ostow reviewed the strategic property fund and their investment strategy. Larry reviewed the fund's positioning and sector allocations. Larry stated they had reduced their office exposure from 37% to 22% and reduced their retail exposure by 30%.
  - ii. Larry Ostow reviewed the fund's performance and stated short term repricing filtered through long term results. Larry briefly reviewed the redemption queue and stated they were expecting to increase those redemptions over the next couple of quarters.
  - iii. Patrick Miller stated he would be reviewing the JP Morgan Private Equity portfolio. Patrick stated they had 16 new team members globally and currently had \$30B in Assets under management (AUM).
  - iv. Patrick Miller stated they were focused on small to mid-markets and reviewed the co-investments and secondary investments as part of their investment philosophy.
  - v. Patrick Miller discussed the current market environment and stated transaction volumes had fallen sharply and existing portfolio earnings had been resilient.
  - vi. Patrick Miller stated the plan made a 10M commitment and approximately 87% of the commitment had been called. Patrick stated future capital calls would likely be taken from distributions and reviewed the gross performance.
  - vii. Patrick Miller reviewed the private equity portfolio characteristics and stated most of the portfolio was in information technology.
- c. Dupont, Kimberly Fetterman/Daryl Brown (via Zoom)
  - i. Kimberly Fetterman introduced herself and briefly gave a firm overview.
  - ii. Daryl Brown introduced himself and stated he had been with the firm since 2001. Daryl stated the plan's commitment was 5M and almost 100% of the commitment had been called.

- iii. Daryl Brown stated the fund's gross Internal Rate of Return (IRR) since inception is 13.2% and reviewed the sector exposure. Daryl stated they have had challenging quarters performance-wise in the venture capital segment of the Fund. Daryl stated buyouts/special situations were not impacted as much as venture but still underperformed on a calendar year to date (YTD) basis as valuations had reset in the market.
- d. Adams Street, Kristina Milberg/Morgan Holzaepfel
- i. Kristina Milberg introduced herself and gave a firm update. Kristina stated they were 100% employee owned and currently have \$54B AUM. Kristina reviewed the investment team members and stated they sit on over 520 advisory boards.
  - ii. Morgan Holzaepfel reviewed the current global venture market environment and stated fundraising had slowed down.
  - iii. Morgan Holzaepfel stated the plan made a 10M commitment to the Adams Street Global Fund 2018 and 10M to the Adams Street Global Fund 2022. Morgan stated the 2018 Fund had a net IRR of 23.91% since inception and 77% of the plan's commitment had been called. Morgan stated the 2022 Fund had a net IRR of 10.87% since inception and 8% of the plan's commitment had been called. Kristina Milberg stated the 2002 Fund NAV should increase over the next couple of years and peak in 2025.
- e. Segal Marco, Bill Cottle (via Zoom), Steven Cottle
- i. Steven Cottle reviewed the 6/30 quarterly report. Steven briefly reviewed the market environment during the quarter and stated growth stocks continued to outperform value stocks.
  - ii. Steven Cottle reviewed the current asset allocations and confirmed the targets reflect the new targets that were outlined in the asset allocation study that was reviewed and approved at the last quarterly meeting. Steven reviewed the underweights and overweights and the recent actions that had been done to bring all asset allocations closer to the targets.
  - iii. Steven Cottle stated he would bring an open ended infrastructure investment analysis to the next quarterly meeting.
  - iv. The market value of assets (MVA) as of June 30, 2023, was \$208,237,349.
  - v. The total fund gross returns for the quarter were 1.9%, compared top the benchmark of 3.00%. The 1, 3, 5, and 7-year trailing total fund gross returns were 6.3%, 7.1%, 7.4%, and 8.1%, respectively, compared with the benchmarks of 6.8%, 7.6%, 6.2%, and 7.1% for the same respective periods.
  - vi. Steven Cottle reviewed the performance of each manager and the interest rate changes that had occurred over the past year.
  - vii. Steven Cottle reviewed the risk/reward of the portfolio and stated the plan had moved to a less risky portfolio.
  - viii. Steven Cottle reviewed the Investment Policy Statement (IPS) and stated it mirrored the asset allocation study that was presented at the last meeting. Steven reviewed appendix A and the associated changes to the benchmarks and targets.

**The board approved the Investment Policy Statement as presented, upon motion by Jay Maher and second by Gregg Gurdak; motion carried 4-0.**

- f. Sugarman, Susskind, Braswell & Herrera, Pedro Herrera, Board Attorney (via Zoom)
  - i. Pedro Herrera reviewed the House Bill 3 memo and reminded the Board this became effective 7/1/23. Pedro stated the Board could only consider pecuniary factors when looking at investments. Pedro stated there would be a filing that needs to be done every other year with the first filing happening this year in December. Pedro briefly reviewed a large investment that was made to a BlackRock ESG fund by the Florida Retirement System.

*Note: Erin Masters left at 10:30AM*

- ii. Pedro Herrera reminded all the trustees to file their financial disclosure forms ASAP, if they haven't already done so. Ferrell Jenne confirmed she checked the website and all trustees had filed their financial disclosure forms. Ferrell stated she couldn't check on Brenda's filing, as she was not yet shown on the website. Brenda confirmed she filed her financial disclosure form.
  - iii. Pedro Herrera gave an update on Joshua Seepersaud and stated they were trying to find the records of the estate so the funds could be deposited. Ferrell Jenne reminded Pedro about Billy Batten and Pedro stated he would work on the judgement for the overpayment.
- iv. **Old Business** – None.
- v. **Consent Agenda**
  - a. Payment ratification
    - i. Warrants #109, #110, #111
  - b. New invoices for payment approval
    - i. None
  - c. Fund Activity report for period April 26, 2023 – July 25, 2023

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

- vi. **Staff Reports**
  - a. Foster & Foster, Ferrell Jenne, Plan Administrator
    - i. Ferrell Jenne stated the current fiduciary liability policy was set to expire on 8/10/23. Ferrell commented they completed the renewal application process and the 2023-2024 annual premium was \$12,088 which was approximately \$144 less than the expiring premium. Ferrell confirmed it was the same carrier and the limit was \$3M.

**The Board approved binding the 2023-2024 fiduciary liability policy as presented, upon motion by Gregg Gurdak and second by Brenda Fischer; motion carried 3-0.**

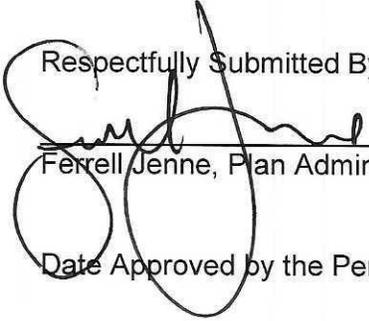
- ii. Ferrell Jenne confirmed the Annual Report was approved and they were still waiting on the 175/185 distribution amounts. Ferrell reminded the Board this information was typically released in mid to late August.
- iii. Ferrell Jenne confirmed the SB534 compliance reports had been completed and sent to the City for posting.
- iv. Ferrell Jenne reviewed the upcoming educational opportunities and confirmed the FPPTA fall trustee school registration was open.
- v. Ferrell Jenne confirmed the SPD was sent out to the membership.

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

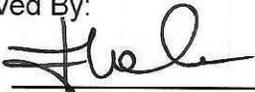
viii. **Adjournment** - The meeting adjourned at 10:58AM.

ix. **Next Meeting** – November 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:

NOVEMBER 7, 2023