

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

City Hall Conference Room 149
301 S. Ridgewood Ave, Daytona Beach, FL 32115
Tuesday, June 18, 2024, 10:30AM

TRUSTEES PRESENT: Erin Masters
Michael Rowley
Gregg Gurdak

TRUSTEES ABSENT: Jay Maher
Brenda Fischer

OTHERS PRESENT: Ferrell Jenne, Foster & Foster
Pedro Herrera, Sugarman, Susskind, Braswell, & Herrera
(via Zoom)
Steven Cottle, Segal Marco
Alistair Hutchings, BlackRock (via Zoom)
Trey Smith, BlackRock (via Zoom)
Stephanie Notowich, Dodge & Cox
Ben Kerl, Nuveen (via Zoom)
Greg Gosch, Nuveen (Via Zoom)
Scott Sedlak, Nuveen (via Zoom)
Lisa George, Nuveen (via Zoom)
Noah Hauser, Nuveen (via Zoom)
Nancy Kulesa, Bleichmar Fonti & Auld (via Zoom)

- 1) **Call to Order/Roll Call/Determination of a Quorum**
 - a) The meeting was called to order at 10:31AM by Michael Rowley.
- 2) **Public Comments** – None.
- 3) **Approval of Minutes**
 - a) February 6, 2024, quarterly meeting minutes
 - b) February 6, 2024, disability hearing minutes
 - c) March 18, 2024, special meeting minutes
 - d) April 26, 2024, disability hearing minutes

The February 6, 2024, quarterly meeting minutes, February 6, 2024, disability hearing minutes, March 18, 2024, special meeting minutes, April 26, 2024, disability hearing minutes, were approved as presented, upon motion by Gregg Gurdak and second by Erin Masters; motion carried 3-0.

- 4) **New Business**
 - a) Update from Bleichmar Fonti & Auld
 - i) Nancy Kulesa introduced herself and explained the role of their securities litigation firm. Nancy stated they were recommending to conduct a books and records demand with Globe Life. Nancy stated Globe Life was under investigation by multiple states and the Securities Exchange Commission (SEC). Nancy stated there was creditable evidence of mismanagement. Nancy stated this was not a lawsuit, just a demand for records to see if a case needs to be filed. Steven Cottle stated this was a holding within Kennedy Capital and the position was approximately \$43,000. The Board

discussed the possible recovery amount. Steven suggested Kennedy Capital to provide some insight on the holding. By consensus, the Board tabled a decision on moving forward with the records demand until they hear from Kennedy Capital.

- ii) Pedro Herrera stated the Board would need to authorize Bleichmar Fonti & Auld to seek information on behalf of the plan, as the plan was the shareholder.

- b) Saltmarsh, Cleaveland & Gund auditor engagement letter
 - i) Ferrell Jenne reviewed the engagement letter from Saltmarsh and stated there were not to exceed fees stated for the next 3 years. The Board discussed the automatic increase. Ferrell reminded the Board they could terminate services from any Board consultant if they were not happy with services.

The Board voted to approve the auditor engagement letter as presented, upon motion by Gregg Gurdak and second by Erin Masters; motion carried 3-0.

5) Reports (Attorney/Consultants)

- a. BlackRock, Trey Smith/Alistair Hutchings, Investment Manager (via Zoom)
 - i. Quarterly Report as of March 31, 2024
 - 1. Trey Smith thanked the Board for their business and stated Alistair Hutchings would be giving an update on GRP I & II funds.
 - 2. Alistair Hutchings reviewed the transition for GRP I and stated it was fully realized. Alistair stated the vintage for GRP II was 2016 and there were 13 investments. Alistair reviewed the expected distributions to occur in Q3 and Q4. The net Internal Rate of Return as of 12/31/2023 was 7.2%.
 - 3. Alistair Hutchings reviewed some of the GRP II fund assets and stated this fund had significant realization activity. Alistair gave a portfolio summary and the impact on legislative changes. Trey Smith discussed infrastructure rolling off the portfolio and a passive Exchange Traded Fund (ETF) option that would enable the plan to have continued exposure to the infrastructure asset class. Trey discussed reinvesting the GRP II fund distributions into the IFRA, which would require no paperwork, as it was held on the custodian's platform.

- b. Dodge & Cox, Stephanie Notowich, Investment Manager
 - i. Quarterly report as of March 31, 2024
 - 1. Stephanie Notowich thanked the Board for their business and gave a brief firm update. Stephanie stated they currently had \$382B in assets under management, with \$263B in Dodge & Cox Funds.
 - 2. Stephanie Notowich reviewed the U.S. bond market yields and sector returns. Stephanie reviewed the excess returns and stated this was due mainly to sector selection and asset allocation. Stephanie reviewed changes in the portfolio and stated they had a

defensive portfolio. Stephanie stated they were targeting a return between 4% and 6%.

- c. Nuveen, Ben Kerl/Greg Gosch/Scott Sedlak/Lisa George/Noah Hauser, Investment Manager (via Zoom)
 - i. Quarterly report as of March 31, 2024
 - 1. Greg Gosch stated they were going to give an update on the fund and also introduce the global infrastructure strategy.
 - 2. Ben Kerl gave an overview of the firm and the broad real asset capabilities.
 - 3. Scott Sedlak gave an update on the fund as of March 31, 2024 and stated it had been a tough market for real estate. The net return for March 31, 2024 was -1.82% which slightly underperformed the benchmark. Scott reviewed the portfolio characteristics and the sector diversification.
 - ii. Infrastructure update
 - 1. Noah Hauser reviewed the global listed infrastructure fund and the experience of the investment team. Noah reviewed the benefits of active management in the infrastructure asset class.
 - 2. Noah Hauser discussed how infrastructure could complement the portfolio and how clients were using listed infrastructure.
- d. Foster & Foster, Ferrell Jenne, Plan Administrator
 - i. Fiduciary liability policy
 - 1. Ferrell Jenne stated they would lose the quorum soon, so the Board directed the fiduciary liability policy renewal to be presented.
 - 2. Ferrell Jenne stated the current fiduciary liability policy was set to expire on August 10, 2024. The renewal quote was for the same amount and through the same carrier. The annual renewal fee was \$12,124, which was approximately \$36 higher than the expiring premium.

The Board approved the renewal of the fiduciary liability policy as presented, upon motion by Gregg Gurdak and second by Erin Masters; motion carried 3-0

- e. Segal Marco, Steven Cottle, Investment Consultant
 - i. Infrastructure update
 - 1. Steven Cottle reviewed the infrastructure update memo and reminded the Board they would be getting distributions from the BlackRock GRP Fund II. Steven stated they need to reinvest those distributions to ensure the plan still had exposure to infrastructure. Steven discussed Nuveen and BlackRock offerings. The Board discussed the returns and cost of the two options. Steve recommended to move \$2.5M in the IFRA BlackRock ETF fund and reinvest any future BlackRock GRP Fund distributions into the IFRA.

The Board voted to approve investing \$2.5M in the BlackRock iShares U.S. Infrastructure ETF and reinvest any BlackRock GRP fund distributions in the ETF, upon motion by Gregg Gurdak and second by Erin Masters; motion carried 3-0.

Note: Erin Masters left at 12:15pm

- ii. Quarterly report as of March 31, 2024
 - 1. Steve Cottle reviewed the asset allocation mix that the Board adopted with the short-term return assumption. Steve reminded the Board they would reach the private credit allocation target, once Nuveen calls capital at the end of the year. Steve discussed core real estate and future return expectations. Steve reminded the Board they placed a full redemption with JPMorgan but expects it would take approximately 2 years to get the full \$13M back. Steve stated the quarterly reports would show an overweight to real estate, but this would self-correct as the redemption queue was fulfilled.
 - 2. The market value of assets (MVA) as of March 31, 2024, was \$220,669,086.
 - 3. The total fund gross earnings for the quarter were 3.3%, slightly underperforming the policy benchmark of 3.7%. The 1, 3, 5, and 7-year trailing total fund gross returns were 7.9%, 0.9%, 6.6% and 7.0%, compared to the respective benchmarks of 12.9%, 3.7%, 7.3%, and 7.2%. Since inception (10/01/1997) total fund gross returns were 6.5%, slightly underperforming the policy benchmark of 6.7%.
 - 4. Steve Cottle reviewed the performance of each manager and reminded the Board they terminated Wellington. Steve reminded the Board the returns were preliminary as they were waiting on the returns from the private equity managers.
- f. Sugarman, Susskind, Braswell, & Herrera, Pedro Herrera, Board Attorney (via Zoom)
 - i. Update on disability claimant, Paul Rosi
 - 1. Pedro Herrera stated Paul Rosi would be going to his second Independent Medical Examination (IME) appointment remotely on June 13, 2024. Pedro stated as soon as the report was received from the physician, his office would work with the pension administrator for the continuation of the hearing. Pedro confirmed the IME physician was a psychologist.
 - ii. Pedro Herrera reminded the Board to file their financial disclosure forms by 7/1 to avoid fines.
- iii. **Old Business** – None.
- iv. **Consent Agenda**
 - a. Payment ratification
 - i. Warrants #117, #118, #119, #120, #121, #122, #123
 - b. New invoices for payment approval
 - i. None

c. Fund activity report January 31, 2024- June 11, 2024

The Board tabled until the next meeting due to a lost quorum.

v. **Staff Reports**

a. Foster & Foster, Ferrell Jenne, Plan Administrator

i. Update on trustee terms

1. Ferrell Jenne stated Erin Masters was reappointed by the city.

ii. Update on State Annual Report

1. Ferrell Jenne stated they had filed the State Annual Report and should be able to update the Board on the distribution amounts at the next quarterly meeting.

iii. Educational opportunities

1. FPPTA Fall Trustee School, September 22-25, 2024, Bonnet Creek, FL

2. Taurus Private Markets 2024 Investor Meeting, December 10-11, 2024, Boca Raton, FL

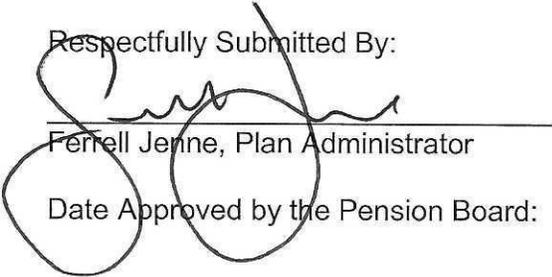
a. Ferrell Jenne reviewed the upcoming educational opportunities.

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

vii. **Adjournment** - The meeting adjourned at 12:34PM.

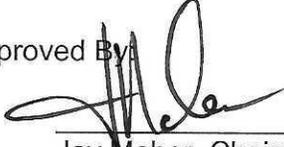
viii. **Next Meeting** – September 17, 2024, at 10:30AM, Quarterly Meeting

Respectfully Submitted By:



Ferrell Jenne, Plan Administrator

Approved By:



Jay Maher, Chairman

Date Approved by the Pension Board:

9/17/2024
