

**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, November 7, 2023, 8:30AM

TRUSTEES PRESENT: Brenda Fischer
Jay Maher
Erin Masters
Michael Rowley

TRUSTEES ABSENT: Gregg Gurdak

OTHERS PRESENT: Ferrell Jenne, Foster & Foster
Pedro Herrera, Sugarman, Susskind, Braswell, & Herrera, (via Zoom)
Shauna Morris, Sugarman, Susskind, Braswell, & Herrera, (via Zoom)
Bill Cottle, Segal Marco (via Zoom)
Steven Cottle, Segal Marco
Hannah Strasser, Sky Harbor (via Zoom)
Ryan Carrington, Sky Harbor (via Zoom)
Kristen Rice, Sky Harbor (via Zoom)
Tom Stolberg, Loomis Sayles (via Zoom)
Matthew Buxton, Loomis Sayles (via Zoom)
Elise Jadhav, Wellington (via Zoom)
Laura Howenstine, Wellington (via Zoom)
Members of the Public

- 1) **Call to Order/Roll Call/Determination of a Quorum**
 - a) The meeting was called to order at 8:39AM by Ferrell Jenne.
- 2) **Public Comment** – None.
- 3) **Approval of Minutes**
 - a) August 1, 2023, quarterly meeting minutes

The August 1, 2023, quarterly meeting minutes were approved as presented, upon motion by Michael Rowley and second by Erin Masters; motion carried 4-0.

- 4) **New Business**
 - a) Update on Bill Batten's family's repayment to the fund
 - i) Ferrell Jenne reminded the Board the custodian tried to recall the last monthly benefit payment for Billy Batten, but there were insufficient funds. Ferrell commented they have had a lot of communication with the family, but there was no movement on repaying the funds. Ferrell commented the Board directed Pedro Herrera to write a demand letter to the family, which had been done after the last quarterly meeting. Ferrell commented to date, they had recouped \$700 of the \$3,713.45. The family had indicated they would make repayment installments.
 - b) Upcoming Trustee term expirations
 - i) Ferrell Jenne reminded the Board Erin Masters serves as one of the City appointed trustees and her term was set to expire at the end of the year. Erin confirmed she would like to serve another term.

5) **Reports (Attorney/Consultants)**

- a. Sky Harbor, Hannah Strasser/Ryan Carrington/Kristin Rice, Investment Manager (via Zoom)
 - i. Hannah Strasser discussed the fear of a future recession and the impact on inflation worries. Hannah briefly reviewed the market environment over the past 3 months.
 - ii. Hannah Strasser discussed GDP growth and stated there was a better outlook for growth and employment. Hannah stated debt service remains manageable despite higher credit card debt and student loan payments.
 - iii. Hannah Strasser reviewed the significant portfolio changes YTD for 2023. Hannah reviewed their performance as of 9/30/23 and stated they slightly underperformed the index.
- b. Loomis Sayles, Tom Stolberg/Matthew Buxton, Investment Manager (via Zoom)
 - i. Matthew Buxton introduced himself and stated they currently had approximately \$303B in AUM. Matthew reviewed the trust performance as of 9/30/23 and stated the portfolio performed how they expected in a macro-environment.
 - ii. Tom Stolberg reviewed the account attribution as of 9/30/23 and stated their position today was similar to that as of 9/30/23. Tom stated they believe personal consumption would slow and earnings would decrease.
- c. Sugarman, Susskind, Braswell, & Herrera, Pedro Herrera, Board Attorney (via Zoom)
 - i. Pedro Herrera introduced Shauna Morris. Shauna Morris stated she had been working in the pension arena for many years and was excited to join Sugarman, Susskind, Braswell, & Herrera.
 - ii. Pedro Herrera stated they were working on an updated agreement with Kennedy Capital, as they changed products at the last meeting. Pedro stated the agreement would be ready for execution soon.
 - iii. Pedro Herrera reminded the Board Salem Trust's parent company TMI Trust had been acquired by Argent Financial. Pedro stated they had drafted an assignment for execution. Pedro commented there would be no changes to the services, the assigned team, or platform. Pedro recommended to update the contract.

The Board authorized Pedro Herrera to update the Salem Trust agreement to incorporate the assignment of custodial services to Argent Institutional Trust Company DBA as the Salem Trust Company, upon motion by Michael Rowley and second by Erin Masters; motion carried 4-0.

- iv. Pedro Herrera stated they had received an ILOD disability application for Joseph Roces. By consensus, the Board accepted the application.
- v. Pedro Herrera reviewed House Bill 3 (HB 3) which prohibits trustees to look at anything other than pecuniary issues when analyzing investments. Pedro stated he got together with other Florida pension Board attorneys and they formatted a

standardized report to comply with the reporting requirements associated with HB 3. Ferrell Jenne confirmed she had registered as the authorized agent to file the plan's report.

The Board authorized Ferrell Jenne as the authorized agent to file the House Bill 3 report, upon motion by Michael Rowley and second by Erin Masters; motion carried 4-0.

- vi. Pedro Herrera recommended the Board to make a formal motion to confirm compliance with Chapter 2023-28.

The Board confirmed compliance with Chapter 2023-28 to the Department of Management Services and authorize the filing of the report accordingly subject to legal review, upon motion by Michael Rowley and second by Brenda Fischer; motion carried 4-0.

- d. Wellington, Elise Jadhav/Laura Howenstine, Investment Manager (via Zoom)
 - i. Elise Jadhav introduced herself and thanked the Board for their business.
 - ii. Laura Howenstine reviewed the international quality growth investment team.
 - iii. Laura Howenstine reviewed the performance as of 9/30/23. Laura stated Q3 had very strong performance and reviewed the top contributors.
 - iv. Laura Howenstine reviewed the thematic weightings, sector weights, and region weights. Laura discussed possible future portfolio changes and what makes a stock attractive.
- e. Segal Marco, Bill Cottle (via Zoom), Steven Cottle, Investment Consultant
 - i. Steven Cottle reminded the Board they made some asset allocation changes at the last quarterly meeting. Steven reviewed the asset allocation as of 9/30/23 and stated a rebalance would need to occur. Steven recommended moving \$12M from the equity market by taking \$6M from Wellington and \$6M from DFA Large Cap Value and invest the proceeds into the Dodge & Cox Income Fund. Steven stated a motion does not need to be made, as this aligns with the IPS targets. Steven stated this was a conservative move. The Board further discussed where to possibly take funds. Erin Masters asked about taking funds from the real estate portfolio. Steven explained the active real estate managers had a queue that was approximately 18 months or more. Steven stated they could take \$1M from the REIT fund and reduce the DFA large cap redemption to \$5M. By consensus, the Board agreed with the revised recommendation from Steven Cottle.
 - ii. The market value of assets (MVA) as of September 30, 2023, was \$198,480,971.
 - iii. The total fund gross returns for the quarter were -3.40%, compared to the benchmark of -2.00%. The 1, 3, 5, and 7-year trailing total fund gross returns were 6.2%, 3.5%, 5.9%, and 7.1%, respectively, compared with the benchmarks of 11.7%, 4.9%, 5.3%, and 6.2% for the same respective periods. The

total fund gross returns FYTD were 6.20%, compared to the benchmark of 11.7%.

- iii. **Old Business**
 - a. Brenda Fisher asked about Dale Morley. Pedro Herrera stated the member did accept the Board's repayment proposal and a promissory note was sent to the member for execution. Ferrell Jenne confirmed they received an executed copy of the promissory note.
- iv. **Consent Agenda**
 - a. Payment ratification
 - i. Warrants #112, #113
 - b. New invoices for payment approval
 - i. None
 - c. Fund Activity report for period July 26, 2023 – October 31, 2023

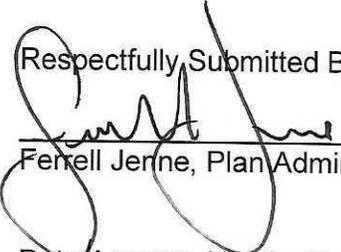
The consent agenda was approved as presented, upon motion by Michael Rowley and second by Erin Masters; motion carried 4-0.

- v. **Staff Reports**
 - a. Foster & Foster, Ferrell Jenne, Plan Administrator
 - i. Ferrell Jenne updated the Board on the State Monies deposit. The plan received approximately \$259,000 more than the prior year.
 - ii. Ferrell Jenne stated the Board belongs to IFEBP, NCPERS, and FPPTA. Ferrell commented she would need Board approval to renew the memberships for 2024. IFEBP was \$1,195, NCPERS was \$305, and FPPTA was \$750.

The Board approved renewing the 2024 Board memberships for IFEBP, NCPERS, and FPPTA as presented, upon motion by Michael Rowley and second by Brenda Fischer; motion carried 4-0.

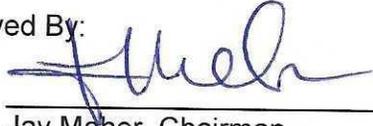
- iii. Ferrell Jenne reviewed the upcoming FPPTA winter trustee school.
- vi. **Trustee Reports, Discussion, and Action** – None.
- vii. **Adjournment** - The meeting adjourned at 10:16AM.
- viii. **Next Meeting** – February 6, 2024, at 10:30AM, Quarterly Meeting

Respectfully Submitted By:



Ferrell Jenne, Plan Administrator

Approved By:



Jay Maher, Chairman

Date Approved by the Pension Board:

2/6/2024