CITY OF PORT ORANGE
POLICE OFFICERS' PENSION BOARD
MAY 20, 2021

The Port Orange Police Officers' Pension Board of Trustees held its quarterly meeting on Thursday, May 20, 2021 in the Police Department Training Room, 4545 Clyde Morris Boulevard, Port Orange, Florida.

MEMBERS PRESENT:	Chairman Warren Carman (fifth member) William Proctor (police member) Andrew McKay (police member) Drew Bastian (resident member) Brian Cobb (resident member)
CONSULTANTS:	Ken Harrison, Board Attorney – *Sugarman & Susskind** Caroline Quill, Associate Attorney – *Sugarman & Susskind** Tyler Grumbles, Investment Consultant – *AndCo* Chad Little, Actuary – *Freiman Little Actuaries** Karan Rounsavall, Plan Administrator

Chairman Carman called the meeting to order at 9:16 a.m. A quorum was in attendance. *These board consultants attended meeting via video conferencing. (Zoom hosted by City of Port Orange)

APPROVAL OF MINUTES

Member Bastian moved to approve minutes of quarterly meeting February 18, 2021 and special meeting April 26, 2021 as submitted. Member Cobb seconded the motion; it carried unanimously.

OFFICER AND TRUSTEE REPORTS

Chairman Carman and Member Bastian reported on their participation in the Florida Public Pension Trustees' Association (FPPTA) virtual school held earlier in the week. Technical difficulties detracted from the overall effectiveness of the educational sessions.

CONSENT AGENDA

A. Approve plan expenditures as follows:
   1. Sugarman & Susskind – monthly retainer for February 2021 - $2,600. *Recommendation:* Ratify payment.
   2. Sugarman & Susskind – monthly retainer for March 2021 - $2,600. *Recommendation:* Ratify payment.
   3. Sugarman & Susskind – monthly retainer for April 2021 - $2,600. *Recommendation:* Ratify payment.
   4. Plan Administrator Karan Rounsavall – monthly fee (February 2021, March 2021, April 2021) - $9,000. *Recommendation:* Ratify payments.
   5. Florida Public Pension Trustees Association (FPPTA) – Virtual 2021 CEU Registration (May 18-19, 2021) for Trustees Carman and Bastian - $900. *Recommendation*: Ratify payment.

6. James Moore & Co. – 2020 Audit – Final billing - $5,000. ***Recommendation***: Ratify payment.
7. Freiman Little Actuaries – contracted actuarial services from March 27, 2020 through April 28, 2021 - $25,627. ***Recommendation***: Ratify payment.
8. Freiman Little Actuaries – supplemental actuarial services from March 27, 2020 through April 28, 2021 - $4,205. ***Recommendation***: Ratify payment.
9. AndCo Consulting – investment consulting and performance monitoring services for quarter ended March 31, 2021 - $9,375. ***Recommendation***: Ratify payment.
10. First State Trust Company – custodial services for quarter ended March 31, 2021 - $4,625. ***Recommendation***: Ratify payment.

Member Bastian moved to ratify plan expenses as recommended. Member Proctor seconded the motion which carried on an all-yes vote.

B. Acknowledge refund/rollover of member contributions for the following non-vested members:

1. Christopher Cravotta (non-vested member) in the amount of $18,054.12;
2. Rachael Emerson (non-vested member) in the amount of $4,285.15;
3. Marc Pedevillano (non-vested member) in the amount of $1,406.77;
4. Joel Bressett (non-vested member) in the amount of $13,232.86.

Plan Administrator Rounsavall advised that all officers received and signed the *"special tax notice."*

Member Bastian moved to acknowledge the refunds as set forth above. Member Cobb seconded the motion; it carried unanimously.

OLD BUSINESS - None

NEW BUSINESS

A. Authorize chairman to formally accept disability applications subject to board ratification at subsequent quarterly meeting

In order to expedite the processing of disability applications, particularly the collection of pertinent medical records, it was appropriate for the chairman to accept the application subject to board ratification at a future meeting. This practice would eliminate the need for a special meeting to receive disability applications.

Member Bastian moved to authorize the board chairman to formally accept disability applications going forward subject to ratification at a subsequent quarterly meeting. Member Cobb seconded the motion which carried on an all-yes vote.

B. Ratify retirement benefits for Sgt. Brian Johnson effective June 1, 2021

Member Bastian moved to ratify Brian Johnson's election of the Ten-Year Certain and Life Annuity benefit effective June 1, 2021. Member McKay seconded the motion and it carried unanimously.

C. Renewal of fiduciary liability insurance policy

Plan Administrator Rounsavall presented the renewal quote from Markel American Insurance Company through Ullico Casualty Group. The aggregate limit of liability was $1 million with zero deductible. Waiver of recourse for trustees was included at no additional premium as was an endorsement covering the third-party administrator as an additional insured. The annual premium was $5,026 which was a $4 increase over the prior year's premium.

Member Bastian moved to authorize renewal of the fiduciary liability insurance policy with Markel American Insurance Company at a cost of $5,026 for the ensuing year (May 31, 2021 through May 31, 2022). Member Cobb seconded the motion; it carried unanimously.

D. Periodic review of professional service provider agreements

Pursuant to its adopted policy, the Pension Board routinely reviewed all professional service provider agreements to determine appropriateness and timeliness of the terms contained therein. Board members were in receipt of a listing of all consultants and their agreement execution dates. The previous year, Freiman Little Actuaries deferred any request for a fee increase due to the unknown economic impacts of the pandemic. Mr. Little advised that he would continue to defer any fee increase as plan sponsors dealt with financial uncertainties.

Attorney Harrison reviewed Sugarman's and Susskind's monthly retainer for legal services, particularly since he attended all meetings for the past year virtually thus eliminating travel expense charges. The result of his review showed that travel time accounted for about two hours a month. Accordingly, his law firm was <u>not</u> asking for a fee increase at this time.

Board members expressed appreciation for and satisfaction with all professional service providers.

<u>CONSULTANT REPORTS</u>

A. Tyler Grumbles – AndCo Consulting (Investment Consultant)

1. Investment Performance Report for quarter ended March 31, 2021

Mr. Grumbles presented the performance report and economic commentary for the quarter ended March 31, 2021. The economy was in recovery mode with people getting back to work, consumers spending more and investors more "bullish." Domestic equity markets were positive with the S&P 500 returning 6.2 percent. Value stocks outpaced growth for the second consecutive quarter. Small capitalization stocks were doing quite well, and the energy sector was rebounding. There was a stunning comeback for equity markets from the low point of March 31, 2020 with a trailing one-year return of 56.4 percent. Fixed income returns, however, were negative during the past quarter as long-term interest rates rose and the yield curve steepened.

All asset classes in the portfolio were within their target ranges. No rebalancing was needed. The retirement fund was still awaiting the capital call from Brookfield Super-Core Infrastructure.

Total market value as of March 31, 2021 was $52,444,779 up from $50,810,693 for the previous quarter ended December 31, 2020. On a percentage basis, the composite portfolio was up 3.25 percent for the quarter (net) which ranked in the 44th percentile of public plans and slightly outperformed the fund's benchmark. Fiscal year-to-date, the fund was up 14.81 percent (28th percentile) Over the trailing 12 months, the fund returned 39.86 percent (ranking in the 21st percentile of public plans).

Quarterly performance results (i.e., quarter ending March 31, 2021) for the various investment styles/managers represented in the portfolio were as follows:

Vanguard Total Stock Market Index Fund – positive return of 6.43% (54)*
EuroPacific Growth (international equity) – negative return of -0.43% (87)*
Oakmark International (international equity) – positive return of 9.09% (6)*
Dodge & Cox (domestic fixed income) – negative return of -2.52% (22)*
Metropolitan West (domestic fixed income) – negative return of -2.91% (41)*
PIMCO Diversified Income (global fixed) – negative return of -2.53% (41)*
Pacific Funds Floating Rate (bank loans) – positive return of 1.29% (69)*
UBS Trumbull (private real estate) – positive return of 1.24% (84)*
ASB Allegiance (private real estate) – positive return of 2.41% (30)*
*Public peer rankings

The pension fund remained in the exit queue for UBS Trumbull Real Estate Fund. Mr. Grumbles was disappointed that redemptions were not occurring as quickly as expected. The EuroPacific Growth Fund was negative for the quarter due to its growth bias (as opposed to value). The portfolio was valued at $53,822,875 as of the previous day's close.

Given that the total fund value had crossed the $50 million mark, Mr. Grumbles planned to bring educational handouts on private equity and private debt to future meetings.

Mr. Grumbles also advised that the Oakmark International Equity Fund was now available in retirement (R6) class shares. This was less expensive than the current institutional share class. He recommended an exchange to the R6 class shares.

Member Cobb moved to authorize a letter of instruction to First State Trust Company (custodian) directing an exchange of the Oakmark holdings from institutional to retirement class shares. Member Bastian seconded the motion which carried on an all-yes vote.

Member Bastian moved to accept the performance report as presented. Member McKay seconded the motion; it carried unanimously.

B. Chad Little – *Freiman Little Actuaries, LLC* (Plan Actuary)

Mr. Little advised that the pension plan's annual report was filed with the Florida Division of Retirement on April 27th. Revisions to the biennial summary plan description were reviewed and provided to the plan administrator for distribution to participants.

C. Ken Harrison – *Sugarman & Susskind* (Attorney)

1. Legislative Update

Attorney Harrison advised that Senate Bill 84 died without a vote in the State House. This bill would have automatically enrolled all new hires in the regular class of Florida Retirement System in the defined contribution plan. The bill did not include police and fire members in the special risk class.

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Attorney Harrison went on to introduce Caroline Quill, a new attorney at Sugarman and Susskind. He also mentioned that his law firm was collecting pertinent medical records for Dale Harler in support of his application for line-of-duty disability retirement. The attorney mentioned that the board might be in a position to accept the workers compensation assessment of Sgt. Harler's condition thus avoiding the need for an independent medical exam. Chairman Carman mentioned that Sgt. Harler was currently in a no-pay status. He was agreeable to a special meeting to expedite the formal hearing if all records were available.

D. Report: Plan Administrator (Karan Rounsavall)

1. Annual Financial Disclosure Forms

Mrs. Rounsavall advised that financial disclosure forms were due to the Volusia County Supervisor of Elections no later than July 1, 2021.

2. Educational Opportunities

Florida Public Pension Trustees Association (FPPTA) annual conference was scheduled for June 27-30, 2021 (Omni Orlando Resort at Champions Gate). This would be an in-person event. Masks and social distancing would be required.

Additionally, the FPPTA fall trustee school was scheduled for October 3-6, 2021 at Sawgrass Marriott Resort in Ponte Vedra.

If anyone was interested in attending, they were to contact the Plan Administrator.

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Mrs. Rounsavall also advised that the latest revision of the Summary Plan Description was distributed to all active members.

The next quarterly meeting was scheduled for Thursday, August 19, 2021.

PUBLIC COMMENT - None

ADJOURNMENT

The meeting adjourned at 10:07 a.m.

Sgt. WE Carman #570

Sgt. Warren Carman, Chairman

Karan Rounsavall

Karan Rounsavall, Plan Administrator