CITY OF PORT ORANGE
POLICE OFFICERS' PENSION BOARD
AUGUST 15, 2022

The Port Orange Police Officers' Pension Board of Trustees held its quarterly meeting on Monday, August 15, 2022 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)
Brian Cobb (resident member)

MEMBERS ABSENT: Drew Bastian (resident member) Excused due to work commitments

CONSULTANTS: Ken Harrison, Board Attorney – *Sugarman, Susskind, et al**
Madison Levine, Attorney – *Sugarman, Susskind, et al**
Tyler Grumbles, Investment Consultant – *AndCo*
Chad Little, Actuary – *Freiman Little Actuaries*
Karan Rounsavall, Plan Administrator

Chairman Carman called the meeting to order at 2:08 p.m. A quorum was in attendance. *The attorneys attended the meeting via video conferencing. (Zoom hosted by City of Port Orange)

APPROVAL OF MINUTES

Member Cobb moved to approve minutes of quarterly meeting May 16, 2022 and special meeting June 6, 2022 as submitted. Member Proctor seconded the motion; it carried unanimously.

OFFICER AND TRUSTEE REPORTS - None

CONSENT AGENDA

A. Approve plan expenditures as follows:
   1. Sugarman, Susskind, et al – monthly retainer for May 2022 - $2,600. *Recommendation:* Ratify payment.
   2. Sugarman, Susskind, et al – monthly retainer for June 2022 - $2,600. *Recommendation:* Ratify payment.
   3. Sugarman, Susskind, et al – monthly retainer for July 2022 - $2,600. *Recommendation:* Ratify payment.
   4. Plan Administrator Karan Rounsavall – monthly fee (May 2022, June 2022 and July 2022) - $9,000. *Recommendation:* Ratify payments.
   5. Sugarman, Susskind, et al – reimbursement for medical records for Sydeski and Starling disabilities - $117.25. *Recommendation:* Ratify payment.
   6. Sugarman, Susskind, et al – reimbursement for medical records for Wallace disability - $153.00. *Recommendation:* Ratify payment.
   7. Sugarman, Susskind, et al – reimbursement for medical records for Wallace and Starling disabilities - $90.53. *Recommendation:* Ratify payment.

8. SIMED Health, LLC – prepayment of independent medical exam for Wallace disability - $1,337.50. *Recommendation:* Ratify payment.
9. Florida Public Pension Trustees Assn. (FPPTA) - renewal of CPPT certification (2021 & 2022) for Trustees Bastian and Carman - $124. *Recommendation:* Ratify payment.
10. Florida Public Pension Trustees Assn. (FPPTA) – registration fee for plan administrator to attend annual conference - $875. *Recommendation:* Ratify payment.
11. Hilton Orlando Bonnet Creek – lodging for plan administrator at FPPTA annual conference - $567. *Recommendation:* Ratify payment.
12. AndCo Consulting – investment consulting and performance monitoring services for quarter ended June 30, 2022 - $10,625. *Recommendation*: Ratify payment.
13. First State Trust Company – custodial services for quarter ended June 30, 2022 - $4,625. *Recommendation*: Ratify payment.

Member McKay moved to ratify plan expenses as recommended. Member Proctor seconded the motion which carried unanimously.

B. Acknowledge refund/rollover of member contributions to the following non-vested members:
- Chloe Ecochardt (non-vested member) in the amount of $849.11;
- William Rowland (non-vested member) in the amount of $4,988.90;
- Cristian De La Cruz (non-vested member) in the amount of $3,465.83.

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

The pension board acknowledged the refund/rollover of member contributions for the above-named officers as presented.

CONSULTANT REPORTS

Tyler Grumbles – *AndCo Consulting* (Investment Consultant)

1. Investment Performance Report for quarter ended June 30, 2022

Mr. Grumbles presented the performance report and economic commentary for the quarter ended June 30, 2022. It was yet another challenging quarter with both domestic and international equities down across the board. In fact, the S&P 500 was down 16 percent. Fixed income was likewise down for the quarter. Real estate holdings were positive. The declines were fueled with worries about rising inflation, sharply higher interest rates and continued geopolitical events. Despite the volatility all asset classes remained within their target ranges; there was no recommendation for rebalancing at this time.

Total market value as of June 30, 2022 was $50,448,254 down from $56,438,024 for the previous quarter ended March 31, 2022. On a percentage basis, the composite portfolio was down -10.56 percent for the quarter (net) which ranked in the 47th percentile of public plans and slightly outperformed the benchmark. For the fiscal year, portfolio performance was down -10.94 percent (ranking in the 51st percentile). (Note: These returns were preliminary in the absence of a final accounting from Brookfield Infrastructure Fund.) The portfolio's three- and five-year returns remained positive and in the upper quartile of public plans. Since the end of the quarter, the portfolio had rebounded somewhat; the fund value as of the previous day was $53,953,494.

Mr. Grumbles asked whether the pension board wished to entertain an informational presentation on private debt (increased portfolio diversification) at the next quarterly meeting. Private investments increased the administrative responsibility for the fund and could possibly increase fees. *It was the consensus of the board to receive a primer on private debt at the next meeting.*

Member Cobb then moved to accept the investment performance report as presented. Member McKay seconded the motion which carried unanimously.

Ken Harrison – *Sugarman, Susskind, Braswell & Herrera* (Attorney)

There was nothing to report from a statewide legislative standpoint.

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

The Pension Board acknowledged receipt of the 2022 premium tax distribution in the amount of $511,028. These funds were promptly deposited with First State Trust (plan custodian).

Karan Rounsavall (Plan Administrator)

Educational Opportunities:

- Florida Public Pension Trustees Association (FPPTA) Fall Trustee School – Renaissance Orlando at Sea World (October 2-5, 2022)
- Division of Retirement – Annual Police and Fire Pension Conference at DoubleTree by Hilton Orlando Airport (September 26-28, 2022)

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

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The next quarterly meeting was scheduled for Monday, November 21, 2022.

OLD BUSINESS

A. Status of proposed ordinance creating a line-of-duty death benefit

Mr. Little reviewed the actuarial impact statement relating to the proposed ordinance providing a line-of-duty death benefit. Implementation of such a benefit slightly increased the plan's overall liability and increased the city's contribution by $55,254. The ordinance was currently pending with city staff. *Board members voiced no objection to the actuary speaking with city staff as the matter was a subject of collective bargaining.*

B. Status of formal hearing related to forfeiture of retirement benefits for Retiree Steven Braddock

The subject hearing was scheduled for August 22, 2022. Attorney Harrison advised that Attorney Robert Klausner (special prosecuting counsel in the matter of the pending forfeiture) requested that the hearing be rescheduled to allow more time for receipt of Braddock's response to the Notice of Proposed Agency Action and to stipulate to certain exhibits and facts. He requested a joint telephone conference with all involved parties to establish a mutually agreeable date for the hearing. (Reference Attorney Klausner's email dated August 5, 2022)

Chairman Carman was not inclined to grant an extension for the hearing. The August 22nd date was previously scheduled in good faith with all parties and he felt that the board needed to respect the date it had established. Member Proctor spoke as to the complicated nature of the forfeiture proceedings and did not have issue with the request for an extension.

Attorney Harrison recommended that the board grant the extension. If it did not do so, he was concerned that the Klausner firm would recuse itself from the proceedings.

It was the board's consensus to allow the extension and to authorize Chairman Carman to participate in the conference call making every effort to keep the extension as short as possible.

C. Status of pending line-of-duty applications for Michael Wallace and Darren Starling

The independent medical exam for Detective Wallace was conducted on July 28, 2022 and all pertinent medical records were available. *The Board agreed to call a special meeting for October 10, 2022 to conduct an informal hearing on his application and to render a determination as to eligibility for disability benefits. It was further agreed that meeting would begin at 3:30 p.m.*

As to Officer Starling, medical records from several providers were still outstanding. An independent medical exam could not be scheduled until these records were in hand.

NEW BUSINESS

A. Ratify disability retirement benefit option for Blake Sydeski

Member Proctor moved to ratify Officer Sydeski's election of the Life Annuity Option effective June 6, 2022. Member McKay seconded the motion which carried unanimously.

B. Survivor benefits for Debra Burns (joint annuitant for Retiree David Burns)

Retiree David Burns passed away on May 21, 2022 having elected the 100 percent joint and survivor option. *The board acknowledged commencement of survivor benefits for Debra Burns (joint annuitant) as of August 1, 2022. (Note: The June and July benefit payments were made in the name of David Burns.)*

C. Approval of administrative expense budget for Plan Year 2022/2023

The Pension Board was in receipt of the proposed budget for Plan Year 2022/2023 as prepared by the plan administrator. Pursuant to *Florida Statutes*, the Board was required to adopt and operate pursuant to an administrative expense budget each year. The budget included all administrative expenses (e.g., actuary, legal, investment consultant, custody, administration, insurance, etc.) but did not include investment management fees. The proposed budget for 2022/2023 was $213,080 which was somewhat more than the adopted budget for 2021/2022 of $204,025.

Plan Administrator Rounsavall reviewed individual line items in the proposed budget. It included additional funding guidance for Freiman Little Actuaries of roughly ten percent. The actuary was still operating pursuant to a November 2017 agreement. Mr. Little indicated that he would review his current fee structure and bring a proposal to the next quarterly meeting in November. Estimated expenditures for Fiscal Year 2021/2022 were currently less than budgeted.

In anticipation of additional legal fees by the special counsel in the forfeiture matter, Plan Administrator Rounsavall recommended that the miscellaneous budget be increased to $25,000 (a $10,000 increase over the current proposed budget).

Member Proctor moved to approve the administrative expense budget for Fiscal Year 2022/2023 in the amount of $223,080 as revised to include $10,000 additional miscellaneous funding. Member McKay seconded the motion and it carried unanimously. The budget would be provided to city staff (plan sponsor) and posted on the bulletin board at the Police Department for plan members.

D. Ratify chairman's approval for plan actuary (Chad Little) to speak with Port Orange Finance Director regarding special actuarial studies connected with collective bargaining

Member Proctor moved accordingly. Member McKay seconded the motion which carried on an all-yes vote.

PUBLIC COMMENT - None

ADJOURNMENT

The meeting adjourned at 3:31 p.m.

Lt. W Carman #3204

Lt. Warren Carman, Chairman

Karan Rounsavall

Karan Rounsavall, Plan Administrator