

**CITY OF PORT ORANGE  
POLICE OFFICERS' PENSION BOARD  
NOVEMBER 21, 2022**

The Port Orange Police Officers' Pension Board of Trustees held its quarterly meeting on Monday, November 21, 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)  
Drew Bastian (resident member)  
Brian Cobb (resident member)

MEMBERS ABSENT: Andrew McKay (police member) Excused due to prior commitment

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

CITY STAFF: John McKinney, Finance Director

Chairman Carman called the meeting to order at 2:02 p.m. A quorum was in attendance. \*The attorneys and investment consultant attended the meeting via video conferencing. (Zoom hosted by City of Port Orange)

**APPROVAL OF MINUTES**

*Member Bastian moved to approve minutes of quarterly meeting August 15, 2022 and special meeting October 10, 2022 as submitted. Member Cobb 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 August 2022 - \$2,600.  
*Recommendation:* Ratify payment.
  2. Sugarman, Susskind, et al – monthly retainer for September 2022 - \$2,600.  
*Recommendation:* Ratify payment.
  3. Sugarman, Susskind, et al – monthly retainer for October 2022 - \$2,600.  
*Recommendation:* Ratify payment.
  4. Plan Administrator Karan Rounsavall – monthly fee (August 2022, September 2022 and October 2022) - \$9,000. *Recommendation:* Ratify payments.
  5. Florida Public Pension Trustees Assn. (FPPTA) – 2023 membership renewal for Police Pension Board - \$750. *Recommendation:* Ratify payment.
  6. SIMED Health, LLC – prepayment of independent medical exam for Darren Starling - \$1,613. *Recommendation:* Ratify payment.
  7. Klausner, Kaufman, Jensen & Levinson – special prosecutor legal fees for forfeiture hearing (July billing) - \$4,350. *Recommendation:* Ratify payment.

8. Volusia Reporting Company – court reporting services for October 12, 2022 forfeiture hearing - \$350. Recommendation: Ratify payment.
9. AndCo Consulting – investment consulting and performance monitoring services for quarter ended September 30, 2022 - \$10,625. Recommendation: Ratify payment.
10. First State Trust Company – custodial services for quarter ended September 30, 2022 - \$4,625. Recommendation: Ratify payment.

*Member Cobb moved to ratify plan expenses as recommended. Member Bastian seconded the motion which carried unanimously.*

- B. Acknowledge refund of member contributions for Enzo Martelli (non-vested member) in the amount of \$4,013.59

Plan Administrator Rounsavall advised that Officer Martelli received and signed the “special tax notice.”

*The pension board acknowledged the refund of member contributions for Officer Martelli as presented.*

### **CONSULTANT REPORTS**

#### **Tyler Grumbles – AndCo Consulting (Investment Consultant)**

- A. Investment Performance Report for quarter ended September 30, 2022

Mr. Grumbles presented the performance report and economic commentary for the quarter ended September 30, 2022. Financial markets, both equity and fixed, continued their decline during the quarter. Inflation and a slowing global economy were the main concern for investors. International equities were the worst performing strategy. A diversified portfolio across multiple asset classes helped to keep fund performance ahead of the benchmark. Real estate holdings and infrastructure posted positive returns. All asset classes remained within target ranges; there was no recommendation for rebalancing at this time.

Total market value as of September 30, 2022 was \$49,673,015 down from \$51,307,597 for the previous quarter ended June 30, 2022. On a percentage basis, the composite portfolio was down -4.16 percent for the quarter (net) which ranked in the 38<sup>th</sup> percentile of public plans and outperformed the benchmark. For the fiscal year, portfolio performance was down -13.04 percent (ranking in the 28<sup>th</sup> percentile). (Note: These returns were preliminary in the absence of a final accounting from infrastructure and private equity.) The portfolio’s three- and five-year returns remained positive and in the upper 15 percent of public plans. Its value as of the previous day was \$52,321,028.

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

*The informational primer on private debt was deferred to a future meeting.*

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

There was nothing to report from a statewide legislative standpoint. The law firm made a donation in the pension plan’s name to the Red Cross for hurricane victims.

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

A. Proposed fee increase for actuarial services

Board members were in receipt of a proposed fee schedule for actuarial services. Mr. Little advised this was the first fee increase requested since 2017. The proposed fee for the various services performed by the actuary (e.g. annual valuation, benefit statements, GASB statements, state report, etc.) were increased by approximately 13 percent over the current level. This represented a 2.5 percent increase each year since 2017.

Attorney Harrison advised it was necessary to prepare a new agreement for *Freiman Little Actuaries (FLA)* as the original agreement was executed in 2006 and certain requirements had changed since that date.

*Member Bastian moved to approve the new fee structure for FLA as requested and to direct the attorney to prepare an updated professional services agreement for signature. Member Cobb seconded the motion which carried unanimously.*

*The Board took no action on Mr. Little's proposal for an automatic fee increase of 2.5 percent each year feeling that this was best addressed under periodic service provider reviews.*

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Mr. Little went on to inquire as to the assumed investment rate of return to be used for preparation of the Fiscal Year 2021/2022 annual valuation. The current assumed rate of return was 7.05 percent. Since 2016 the pension board had systematically reduced its assumed rate by ten basis points each year.

*It was the board's consensus to continue this practice and direct that the 2022 valuation be done at an assumed investment rate of return of 6.95 percent.*

Karan Rounsavall (Plan Administrator)

Educational Opportunities:

- Division of Retirement – Annual Police and Fire Pension Conference at DoubleTree by Hilton Orlando Airport (December 13-15, 2022)
- Florida Public Pension Trustees Association (FPPTA) Winter Trustee School – Rosen Center Orlando (January 29 through February 2, 2023)

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, February 27, 2023.

**OLD BUSINESS**

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

This ordinance had been pending for some time having been first introduced in November 2021. It was currently in collective bargaining negotiations with the two police unions (IUPA and PBA) and city staff. All parties had expressed tentative agreement with a line-of-duty death benefit. The city attorney hoped to put the ordinance to a vote before IUPA after the first of the year. Finance Director John McKinney felt a more

realistic timeline might be May 2023 as the actuary was working on several special studies to cost various benefit improvements for collective bargaining purposes. Chairman Carman felt that the line-of-duty death ordinance could be handled with a memorandum of understanding (MOU) as all parties were in agreement.

Mr. Little reminded the audience that any plan change/benefit improvement must be funded for the plan year that it became effective.

*There was no action required at this time.*

### **NEW BUSINESS**

- A. Ratify early retirement benefit for Roxanne Morrow (deferred vested member)

*Member Bastian moved to ratify Roxanne Morrow's election of the 100 Percent Joint & Survivor Annuity Option effective January 1, 2023. Member Proctor seconded the motion; it carried on an all-yes vote.*

- B. Change of beneficiary for Retiree Willie Coco

Plan Administrator Rounsavall advised that a new calculation was performed (at the retiree's cost). The benefit option remained unchanged as *100 Percent Joint & Survivor*. *The Pension Board acknowledged Retiree Willie Coco's change of beneficiary effective January 1, 2023.*

- C. Ratify early retirement benefit for Sgt. Jeffrey Wenzel

*Member Bastian moved to ratify Sgt. Wenzel's election of the 100 Percent Joint & Survivor Annuity Option effective January 1, 2023. Member Cobb seconded the motion which carried unanimously.*

- D. Establish quarterly meeting dates for 2023 (Mondays at 2 p.m. on February 27, 2023, May 15, 2023, August 21, 2023 and November 20, 2023)

*Member Bastian moved to approve the 2023 quarterly meeting schedule as presented. Member Proctor seconded the motion which carried unanimously.* It was noted that Attorneys Pedro Herrera and Madison Levine would serve as legal counsel to the Port Orange Police Pension Board. Attorney Ken Harrison would serve as back-up (as necessary).

- E. Authorization to renew membership in Florida Public Pension Trustees Association (FPPTA) for 2023

*Member Proctor moved to renew the board's membership in FPPTA for 2023 at a cost of \$750. Member Bastian seconded the motion. It carried on an all-yes vote.*

- F. Invoices from Klausner, Kaufman, Jensen & Levinson (KKJ&L) for special counsel legal fees associated with the forfeiture hearing

- G. Amend approved administrative expense budget for Plan Year 2022/2023 to include additional legal fees for special counsel

Board members were in receipt of four monthly invoices from KKJ&L (July through October 2022) for legal fees and expenses associated with the forfeiture hearing for Steven Braddock. KKJ&L served as special prosecuting counsel in this matter. These invoices totaled \$62,850.81. There was an outstanding balance due of \$58,500.81 as the July invoice in the amount of \$4,350 was previously paid.

The total due to KKJ&L exceeded the amounts that were projected in the annual budget by nearly \$40,000. When Retiree Braddock's ex-spouse intervened in the proceedings, it further complicated the forfeiture and resulted in additional research and legal pleadings. Attorney Harrison advised that KKJ&L agreed to reduce its total fee by \$6,929 resulting in an unpaid balance of \$51,571.81.

Attorney Harrison went on to advise that Sugarman, Susskind, Braswell & Herrera would handle any appeal of the Board's decision to forfeit Retiree Braddock's pension if there was an appeal by either party.

*Member Bastian moved to approve the outstanding invoices submitted by KKJ&L less the negotiated reduction for a total of \$51,571.81. Member Cobb seconded the motion which carried unanimously.*

*Member Bastian then moved to amend the annual budget for Fiscal Year 2022/2023 by increasing the "miscellaneous" line item by \$45,000 to \$70,000. Member Cobb seconded and motion carried.*

Plan Administrator Rounsavall would amend the annual budget as directed and forward to city staff.

- H. Approve *Final Order of Agency Action and Notice of Appeal Rights* in the matter of forfeiture of retirement benefits for Steven Braddock

Board members were in receipt of the final order and notice of appeal as stated above. Attorney Madison Levine reviewed the document. At a hearing held on October 12, 2022, the Port Orange Police Pension Board determined that Steven Braddock's pension benefits were required to be forfeited pursuant to *Florida Statutes [112.3173(3)]*. This was based on a preponderance of the evidence presented at the hearing and the finding that a nexus existed when Mr. Braddock utilized a records clerk employed by the Port Orange Police Department to notarize a fraudulent document. In addition to cessation of his pension benefits, Mr. Braddock was further order to repay \$144,362.91 representing pension benefits already received in excess of his employee contributions. Ms. Levine advised that affected parties had 30 days to appeal the Board's final order upon receipt thereof.

*Member Bastian moved to approve the Final Order of Agency Action and Notice of Appeal Rights in the matter of forfeiture of retirement benefits for Steven Braddock and to send executed copies to all attorneys involved. Member Proctor seconded the motion which carried on an all-yes vote.*

- I. Ratify chairman's decision to allow Actuary Chad Little to prepare special actuarial studies for collective bargaining purposes at no expense to the Police Pension Fund

*Member Cobb moved accordingly. Member Bastian seconded the motion which carried unanimously.* It was clarified that the City agreed to pay the cost of the actuarial studies requested on September 12, 2022.

### **PUBLIC COMMENT**

Greg Cook addressed the pension board with several concerns, most particularly being the beneficiary designation form for Port Orange Police Retiree David Fouts. (Note: Greg Cook was also a retiree of the Port Orange Police Pension Plan.). Mr. Cook

questioned the date that Fouts' beneficiary form was received by the pension board. He was also concerned that the benefit option selected for Retiree Fouts was a joint & survivor option and not a straight life annuity which would have provided him with a larger monthly benefit. Attorney Harrison advised that a retiree's election of a benefit option was an irrevocable decision that could not be changed.

*The board took no action to investigate Mr. Cook's concerns.*

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At a special meeting on October 10, 2022 the pension board awarded a line-of-duty disability retirement for Detective Michael Wallace. Pursuant to the plan document, the "monthly service-connected disability benefit shall be the participant's accrued retirement benefit or 51 percent of the participant's average monthly compensation at the time of disability, whichever is greater..." The question before the board for interpretation was whether or not pensionable accruals should be included in Detective Wallace's average monthly compensation (trailing 12 months). The plan document was silent in this regard nor was there any precedent with prior disabilities. (Note: Detective Wallace was in attendance.)

Chairman Carman felt that accruals should be included in final pay. Referring to the definition which stated 51 percent of pay, Actuary Chad Little felt that it made sense not to include accruals.


*Member Bastian moved to include pensionable accruals in the average monthly salary for Detective Wallace and to instruct the actuary to calculate his line-of-duty disability benefit accordingly. Member Cobb seconded the motion which carried unanimously. This action was specific for Detective Michael Wallace.*


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Attorney Harrison advised that this was his last meeting with the Port Orange Police Pension Board as he was retiring. He would remain active with the Florida Public Pension Trustees Association. Board members expressed appreciation for Attorney Harrison's services over the years and wished him the best in retirement.

### **ADJOURNMENT**

The meeting adjourned at 4:00 p.m.

  
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Lt. Warren Carman, Chairman

  
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Karen Rounsavall, Plan Administrator