

**CITY OF PORT ORANGE
POLICE OFFICERS' PENSION BOARD
AUGUST 19, 2024**

The Port Orange Police Officers' Pension Board of Trustees held its quarterly meeting on Monday, August 19, 2024 in the Police Department Training Room, 4545 Clyde Morris Boulevard, Port Orange, Florida.

MEMBERS PRESENT: Chairman Warren Carman (fifth member)
Drew Bastian (resident member)
Brian Schnibben (police member)
Brian Cobb (resident member)

MEMBERS ABSENT: Richard Clark (police member) - excused

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

Chairman Carman called the meeting to order at 3:18 p.m. A quorum was in attendance. *Attorney Levine attended the meeting via conference call.

APPROVAL OF MINUTES

Member Bastian moved to approve minutes of quarterly meeting May 20, 2024 as submitted. Member Schnibben 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 - \$2,600.
Recommendation: Ratify payment.
 2. Sugarman, Susskind, et al – monthly retainer for June 2024 - \$2,600.
Recommendation: Ratify payment.
 3. Sugarman, Susskind, et al – monthly retainer for July 2024 - \$2,600.
Recommendation: Ratify payment.
 4. Plan Administrator Karan Rounsavall – monthly fee (May 2024, June 2024, and July 2024) - \$9,900. *Recommendation:* Ratify payments.
 5. Florida Public Pension Trustees Association (FPPTA) – registration fee for chairman to attend Fall Trustee School in Orlando - \$850. *Recommendation:* Ratify payment.
 6. AndCo Consulting – investment consulting and performance monitoring services for quarter ended June 30, 2024 - \$11,054.25. *Recommendation:* Ratify payment.
 7. First State Trust Company – custodial services for quarter ended June 30, 2024 - \$4,625. *Recommendation:* Ratify payment.

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

CONSULTANT REPORTS**Chad Little – Freiman Little Actuaries, LLC (Plan Actuary)****A. Presentation of revised valuation for fiscal year ending September 30, 2023**

The Police Pension Board previously approved its annual valuation at quarterly meeting on February 26, 2024. It was necessary to revise that valuation to include the impact of Ordinance No. 2024-10 implementing negotiated benefit improvements (adopted by City Council on August 6, 2024). The September 30, 2023 valuation determined minimum funding requirements for the ensuing fiscal year ending September 30, 2025. Because Ordinance No. 2024-10 was adopted in the current fiscal year, the revision was needed to identify required funding guidance for the next fiscal year.

Actuary Little discussed changes to the valuation which incorporated the effect of the recently adopted ordinance. The city's minimum funding requirement (city and state contributions) was \$2,360,744. Expressed as a percentage of payroll, the minimum contribution was 49.29 percent. The city's contribution rate (without estimated state contributions) was 37.10 percent. The plan's funded status was 86.19 percent (based on the actuarial value of assets). Any excess contributions would be used to pay down the unfunded liability.

The revised valuation report also included required disclosures under *Florida Statutes* 112.664. Report disclosures required by Governmental Accounting Standards Board (GASB) 67 and 68 were provided as a supplemental report.

Member Schnibben moved to approve the revised 2023 valuation report as presented. Member Bastian seconded the motion; it carried on an all-yes vote. Plan Administrator Rounsavall would forward the report to city staff for required posting on its web site.

Tyler Grumbles – Mariner Institutional (f/k/a AndCo Consulting - Investment Consultant)**A. Investment Performance Report for quarter ended June 30, 2024**

Mr. Grumbles presented the investment performance report and economic commentary for the quarter ended June 30, 2024. It was a positive quarter for the fund with returns concentrated in the large capitalization sector. Growth style continued to outperform value. International equities were up with performance fueled by returns in emerging markets. Fixed income markets were mostly flat for the quarter as the Federal Reserve kept interest rates steady.

Total market value as of June 30, 2024 was \$64,894,581 up somewhat from \$64,564,849 for the previous quarter ended March 31, 2024. The market rallied in July; the fund's value as of the prior day's close was \$66,989,008. On a percentage basis, the composite portfolio was up 1.21 percent for the quarter (net) which ranked in the 41st percentile of public plans and slightly underperformed the benchmark. (Note: These returns were preliminary in the absence of a final accounting from infrastructure and private equity holdings.) Fiscal year-to-date, the fund was up 15.96 percent (29th percentile). With the July upturn in equity markets, the fiscal year return was closer to 18 or 19 percent.

While all asset classes remained within acceptable ranges and in compliance with the *Investment Policy Statement*, domestic equities were approaching the target. Future

capital calls would be funded from domestic equities. There was no recommendation to rebalance at this time.

The Board accepted the investment performance report as presented.

B. International Equity (Value) Manager Search

At the last quarterly meeting, Mr. Grumbles commented on the persistent underperformance of Oakmark International and recommended that the pension board proceed with a search for a new international equity manager at this meeting.

Board members were in receipt of a manager search which analyzed three vetted investment funds in this style. They included Causeway International Value, DFA International Value, and Dodge & Cox. Mr. Grumbles reviewed the characteristics of each fund. He recommended DFA International Value due to its style consistency and lower management fee (28 basis points).

Member Cobb moved to accept the consultant's recommendation and exit the fund's position in Oakmark International and proceed with investment in DFA International in the approximate amount of \$3.4 million. Member Bastian seconded the motion which carried unanimously.

Mr. Grumbles would prepare the appropriate letter of instruction to implement the board's decision.

C. Revisions to Investment Policy Statement (IPS) to eliminate *private debt* as an equity option

Board members were in receipt of proposed revisions to the IPS eliminating private debt as an equity option. Mr. Grumbles recommended this revision because the board recently decided not to move forward with private debt investments. He felt it wise to keep the IPS consistent with the fund's makeup.

Member Cobb moved to approve the revised IPS as presented. Member Bastian seconded the motion which carried on an all-yes vote. The plan administrator would provide the revised/approved IPS to the Division of Retirement and others as required.

Madison Levine – Sugarman, Suskind, Braswell & Herrera (Attorney)

A. Update on appeal filed by Kim Braddock (appellant/ex-spouse) in the matter of forfeiture of retirement benefits for Steven Braddock

There was no change since the last quarterly meeting in the matter of this appeal. It was still pending review by a panel of judges in the Fifth District Court of Appeal. The plan's fiduciary insurance paid all costs associated with the claim.

B. Legislative Update – no report

Karan Rounsavall (Plan Administrator)

A. Educational Opportunities:

- Florida Public Pension Trustees Association (FPPTA) – Fall Trustees School in Orlando (September 22-25, 2024)
- Florida Division of Retirement – Annual Police Officers' and Firefighters' Pension Conference in Daytona Beach Shores (November 13 – 15, 2024)

The next quarterly meeting was scheduled for Monday, November 18, 2024.

OLD BUSINESS

- A. Ordinance No. 2024-10 implementing changes to pension benefits as negotiated in ratified collective bargaining agreements with IUPA and PBA-Lieutenants

The Port Orange City Council adopted the ordinance on August 6, 2024. The ordinance codified several benefit improvements to the pension plan as recently ratified through the collective bargaining process. This was an informational only item.

Actuary Chad Little used this opportunity to request direction on the assumed investment rate of return to be used for the next valuation. *The Board directed the actuary to use 6.75 percent rate of return for the 2024 valuation which was a ten-basis point drop from the current 6.85 percent assumed rate.*

NEW BUSINESS

- A. City staff's request for pension fund to pay travel expenses for city employees to attend Florida Division of Retirement conferences in the future

The chairman received a request from city staff for the pension fund to pay travel expenses (i.e. mileage, lodging, meals) for employees responsible for the accounting of police and fire pension plans. It was noted that there was no registration fee for the Division's conferences.

It was the consensus of the board to deny the request.

- B. Revised Summary Plan Description (SPD)

Board members were in receipt of a revised SPD which included line-of-duty death benefits and benefit improvements as negotiated in the most recent collective bargaining agreements with IUPA and PBA. It also reflected the latest actuarial information, current board composition, and current investments. The board attorney prepared the SPD. It would be distributed to each active member of the pension plan and furnished to new members upon initial employment.

Member Schnibben moved to approve the SPD as presented. Member Bastian seconded the motion; it carried unanimously.

- C. Approval of administrative expense budget for Plan Year 2024/2025

The Pension Board was in receipt of the proposed budget for Plan Year 2024/2025 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 2024/2025 was \$245,799 which was more than the adopted budget for 2023/2024 of \$227,967.

Plan Administrator Rounsavall reviewed individual line items in the proposed budget. It included additional funding guidance for new trustees to attend educational opportunities and revised actuarial valuations. Estimated expenditures for Fiscal Year 2023/2024 were currently less than budgeted.

Member Bastian moved to approve the administrative expense budget for Fiscal Year 2024/2025 in the amount of \$245,799 as submitted. Member Schnibben seconded the motion and it carried. The budget would be provided to city staff (plan sponsor) and posted on the bulletin board at the Police Department for plan members.

- D. Acknowledge Division of Retirement's approval of 2023 Annual Report for the Port Orange Police Officers' Pension Fund

The Board acknowledged the Division's approval of the Fund's annual report.


- E. Acknowledge receipt of 2023 Premium Tax Distribution from the Department of Revenue

The 2023 Premium Tax Distribution in the amount of \$681,328.48 was received by the city and immediately deposited to the Police Pension Fund. Actuary Little commented that the amount received was more than anticipated. *The Board acknowledged receipt thereof.*

PUBLIC COMMENT - None

ADJOURNMENT

The meeting adjourned at 4:20 p.m.



Lt. Warren Carman, Chairman



Karan Rounsavall, Plan Administrator