

**CITY OF DAYTONA BEACH POLICE AND FIRE PENSION FUND
PENSION BOARD OF TRUSTEES
SPECIAL MEETING**

Governor Ron DeSantis signed Executive Order 20-69 which suspends all statutes that require a quorum to be present in person or require a local government body to meet at a specific public place. It also provides that local government bodies may utilize communications media technology, such as telephonic and video conferencing, as provided in section 120.54(5)(b)2, Florida Statutes. Under Executive Order 20-69, the board meeting was held via video conference using Zoom.

Tuesday, June 2, 2020, 9:30AM

TRUSTEES PRESENT: Mark Eisner
Gregg Gurdak
Michael Rowley

TRUSTEES ABSENT: Erin Masters

OTHERS PRESENT: Pedro Herrera, Sugarman & Susskind
Bill Cottle, Milliman
Steven Cottle, Milliman
Gerald Skinner, Disability Applicant
Brian Doherty, Wellington Management Company
Zander Grant, Wellington Management Company
John Meyer, Loomis Sayles & Company
Andrea DiCenso, Loomis Sayles & Company
Ferrell Jenne, Foster & Foster
Members of the Public

- I. **Call to Order/Roll Call/Determination of a Quorum** Mark Eisner called the meeting to order at 9:39am.
- II. **Public Comment** – None
- III. **Chairman’s Comments** – None
- IV. **New Business**
 - A. Informal disability hearing for Gerald Skinner
 - i. Pedro Herrera stated this was the informal disability hearing for Gerald Skinner. Pedro reviewed the disability process and reminded the Board this was an informal hearing. Pedro stated the Board would have to decide to accept or deny the disability application or table the decision if the Board deemed more information or time was needed to make a decision. Pedro commented if the claim was denied, Mr. Skinner would have the opportunity to petition for a formal hearing.
 - ii. Pedro Herrera commented the claimant had the right to have a hearing in front of a full Board. Gerald Skinner commented he would like to continue with the trustees that were present. The Board had no questions regarding the disability process.
 - iii. Gerald Skinner reviewed his employment history with the Department. Gerald commented he was petitioning for an In-Line-Of-Duty (ILOD) disability under the Heart and Lung Bill. Gerald commented he was diagnosed in February 2018 with heart disease. In January 2019 he was diagnosed with cardiomyopathy. Gerald commented he had been on light duty as he could not go back on the road due to the stress of the job.

- iv. Gerald Skinner confirmed he passed the hiring physical in 2003, including an EKG. Gerald commented he had never used tobacco and did not consume alcohol.
- v. Pedro Herrera reviewed previous health conditions. Gerald Skinner confirmed he was diagnosed in 2018 with hypertension and diabetes, which was subsequent to being hired as a police officer. Gerald confirmed he was currently receiving Workers' Compensation for his illness. Gerald confirmed heart disease was not prevalent in his family.
- vi. The Board reviewed the Independent Medical Examination (IME) done by Dr. Parikh. Pedro Herrera reviewed the Heart and Lung Bill and the associated presumptions. The Board discussed Maximum Medical Improvement (MMI) and Pedro commented the IME confirmed the disability applicant had reached MMI.

The Board approved the In-Line-of-Duty disability application as presented for Gerald Skinner, upon motion by Gregg Gurdak and second by Michael Rowley; motion carried 3-0.

- vii. Pedro Herrera commented Gerald Skinner would need to complete an annual affidavit that confirmed he remained disabled. Ferrell Jenne commented she would reach out to Gerald after the meeting to walk him through the next steps.

B. Investment manager presentations

- i. Steven Cottle commented the Board was looking for a higher yield manager with low risk. Steven commented this addition was to help with cash flow to pay benefit payments and expenses. Steven commented they were targeting a 1%-2% return over core bonds. Steven commented historically they had used Dodge & Cox to pay plan expenses and benefit payments.
- ii. Wellington Management Company, Brian Doherty/Zander Grant, Investment Manager
 - i. Zander Grant commented they were presenting their opportunistic fixed income product. Zander commented they were currently working with nine Florida plans. Zander commented the plan had been invested in their international product since 2016.
 - ii. Brian Doherty reviewed the key characteristics of the opportunistic fixed income portfolio. Brian commented they used high yield government bonds in the majority of the portfolio and used dynamic positioning to drive returns. Brian commented their target return expectation was 5%-7%.
 - iii. Brian Doherty commented the annualized total return from January 1, 2008 through March 31, 2020, had hit their target return expectation. Brian commented in the first quarter of 2020 they were up 11.9%, which outperformed the benchmark.
 - iv. Brian Doherty commented they currently had \$3.7 billion in assets under management. Brian stated they invested in broad markets over a long-term period. Brian briefly reviewed the investment team and resources they had.
 - v. Brian Doherty reviewed the upside and downside capture they had relative to selected fixed income indexes. Brian stated they had more upside capture.
 - vi. Brian Doherty commented they were more diversified than Dodge & Cox. Brian commented they had more of a global footprint and generated returns in the higher yield sectors.
 - vii. Brian Doherty reviewed the management fees, which were 50 basis points on the first \$100 million.

- iii. Loomis Sayles & Company, John Meyer/Andrea DiCenso, Investment Manager
 - i. John Meyer introduced himself and gave an overview of Loomis Sayles. John commented they managed approximately \$272 billion in assets with approximately \$209 billion in fixed income.
 - ii. Andrea DiCenso commented the fixed income performance varied significantly by economic regime. Andrea commented the portfolio was invested in investment grade credit, high yield credit, bank loans and securitized markets based on the current phase of the credit cycle.
 - iii. Andrea DiCenso reviewed the investment process and stated it was a top-down bottom-up approach. Andrea reviewed their risk management and scenario testing.
 - iv. Andrea DiCenso reviewed their portfolio as of March 31, 2020, and their tactical exposures.
 - v. Andrea DiCenso reviewed their performance. Their year-to-date (YTD) net performance through April 30, 2020, was -3.07% slightly outperforming the benchmark of -3.85%.
 - vi. Andrea DiCenso commented the management fees were 45 basis points on the first \$100 million.
- iv. Milliman, Bill Cottle/Steven Cottle, Investment Consultant
 - i. Preliminary flash report as of May 31, 2020.
 - 1. The total fund gross returns for the month ending May 31, 2020, were 3.8% compared with the benchmark of 2.1%; YTD gross returns were -2.5% compared with the benchmark of -6.2%; and fiscal-year-to-date (FYTD) returns were 3.6% compared with the benchmark as -1.0%.
 - 2. Steven Cottle commented they were waiting on the private equity returns, so the numbers were preliminary. Steven commented May was a strong month with Baillie Gifford helping the plan get back to positive returns with an 11.3% return for the month and a return of 49.2% FYTD.
 - 3. Steven Cottle recommended making a 5% allocation, or approximately \$9 million to the opportunistic fixed income-asset class. Steven commented they were looking to reduce the allocation to Dodge & Cox and invest with a manager with more flexibility.
 - 4. The Board discussed the two manager presentations, the associated management fees, and the investment philosophy of each manager.

The Board voted to allocate \$9,000,000 to Loomis Sayles, upon motion by Gregg Gurdak and second by Michael Rowley; motion carried 3-0.

- ii. Steven Cottle confirmed the Investment Policy Statement (IPS) did not need to be updated to reflect the new allocation to Loomis Sayles. Pedro Herrera commented he would need to review all contracts prior to them being executed by the Board.

V. **Adjournment** - The meeting adjourned at 11:00am

VI. **Next Meeting** – Quarterly Meeting, August 4, 2020, at 8:30am

Respectfully Submitted By:


 Ferrell Jenne, Plan Administrator

Approved By:


 Mark Eisner, Chairman

Date Approved by the Pension Board:

8/4/2020