

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

**City Hall, Council Chambers
301 S. Ridgewood Ave, Daytona Beach, FL 32115**

Monday, March 5, 2018, 10:00AM

TRUSTEES PRESENT:

Mark Eisner
Michael Rowley
Terence Henry
Erin Masters

TRUSTEES ABSENT:

Dan Bolerjack

OTHERS PRESENT:

Kevin Campbell, Dupont
Meena Gandhi, JP Morgan
Kate Hurley, JP Morgan
Rob Cousin, JP Morgan
Jason Gordon, Adams Street
Michael Lucarelli, Adams Street
Jim Robinson, Principal
Meighan Phillips, Principal
Darrell Thompson, Foster & Foster
Steven Cottle, Milliman
Pedro Herrera, Sugarman & Susskind

- I. **Call to Order/Roll Call/Determination of a Quorum** Mark Eisner called the meeting to order at 10:05AM.
- II. **Public Comment** - None
- III. **Presentations**
 - A. Private Equity Managers
 - i. Dupont
 - i. Kevin Campbell introduced himself and commented he was the portfolio manager. Kevin gave a brief overview of the firm and advised they currently have approximately \$29B in assets under management.
 - ii. Kevin Campbell advised that since 2001, the Private Markets Group has generated a net IRR of 14.5%. Senior team members have an average tenure of 14 years.
 - iii. Kevin Campbell reviewed the portfolio summary. They have a 97% commitment to the United States and 99% of their business is by fund investments vs direct investments.
 - iv. Kevin Campbell reviewed the management fees. Year 1 would be 0.20% on committed capital, year 2 would be 0.40% on committed capital, year 3 would be 0.55% on committed capital, year 4 would be 0.75% on committed capital, and years 5-10 would be 0.65%-0.75% on the lesser of invested capital or committed capital. The term would be 10 years from final closing, subject to up to 3 consecutive one-year extensions.
 - ii. JP Morgan
 - i. Meena Gandhi reviewed the team's experience and philosophy. Meena reviewed the PEG investment types and strategies. There are partnership investments, direct investments, and secondary investments. Meena commented that the team

professionals personally invest approximately 1.25% alongside all investments.

- ii. Meena Gandhi reviewed the PEG recent investment and distribution pace. Each year more than 500 investment opportunities are proactively sourced and reviewed.
- iii. The return objective is 500 basis points in excess of a diversified public equity portfolio with a targeted 3 year commitment.
- iv. The current fund characteristics and commitments were reviewed. The focus is identifying and investing with small to mis-sized companies and firms.
- v. The average leverage ratio of the portfolio companies is 3.7x in the U.S. and 3.3x in Europe.
- vi. The characteristics of the venture capital and growth equity strategy were reviewed.

iii. Adams Street

- i. Michael Lucarelli reviewed the firm's experience and commented they have approximately \$32B in assets under management.
- ii. Since inception, the primary IRR is 21%, secondary IRR is 19%, venture/growth IRR is 16%, and co-investment IRR is 21%.
- iii. The Global Private Equity strategy was reviewed. 60-67% is primary, 18-25% is secondary, 5-10% is co-investment, and direct venture is up to 10%. Tactical strategies include shorter duration, earlier cash flows, and a focus on minimizing the j-curve. Primary strategies include a longer duration to build value over time.
- iv. The investment process was reviewed and the current investment themes that drive manager selection.
- v. The management fees were reviewed. The average annual fee for the first \$25M commitment would be 69 basis points.

B. Real Estate Managers

i. JP Morgan

- i. Kate Hurley briefly reviewed the firm's experience. They have approximately \$63B in assets under management and over 45 years of real estate investment management experience. The investment committee make-up was reviewed.
- ii. The strategic property fund was reviewed. There are only four major property types and only US qualified retirement plans are permitted to invest.
- iii. The 2017 quarter 4 gross asset value was approximately \$41.6B with a 23.3% LTV and a 6.0% cash position. Office space has the highest allocation.
- iv. The risk profile was discussed. The volatility Beta of the fund is 0.91x the peer set.
- v. The board discussed the performance overview.

ii. Principal

- i. Jim Robinson gave a brief organizational overview. They currently have approximately \$75.9B in assets under management and over 375 institutional clients.
- ii. The gross asset value as of 12/31/17 is \$9.63B with a leveraged ratio of 22.4%.
- iii. The strategic themes include measured risk reduction: decrease leverage, reduce office allocation, execute non-core allocation, reduce duration.
- iv. The four property types were reviewed and their associated allocations.
- v. The top ten assets were reviewed by sector class.
- vi. The investment process was reviewed.

- vii. The fee structure was reviewed. The annual fee for the first \$10M subscription would be 110 basis points.

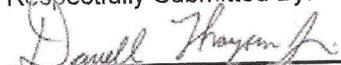
The board approved a \$10M commitment to the JP Morgan Strategic Property Fund upon motion by Don Ruitter and second by Terence Henry; motion carried 4-0.

The board approved \$10M commitments to Adams Street and JP Morgan Private Equity Funds upon motion by Don Ruitter and second by Terence Henry; motion carried 4-0.

IV. **Trustee Reports, Discussion, and Action** – None.

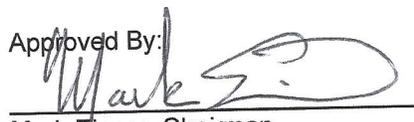
V. **Adjournment** - The meeting adjourned at 1:43pm

Respectfully Submitted By:



Darrell Thompson, Plan Administrator

Approved By:



Mark Eisner, Chairman

Date Approved by the Pension Board:

NOVEMBER 5, 2018