

**FIREFIGHTERS' PENSION BOARD
MEETING
DECEMBER 19, 2019**

MEMBERS PRESENT: Bill Albers, Chairman
Holden Gibbs, David Baird,
John Briggs, Justin Gerow

OTHERS PRESENT: Kerry Richardville, AndCo Consultants
Patrick Donlan, Foster & Foster

CALL TO ORDER/ANNOUNCEMENTS

A. Roll Call

NOTE: Re- appointment of 5th Pension Board Member was heard following Approval of Minutes.

- Mr. Albers noted Mr. Gibbs and Mr. Briggs were absent.
- 1. Re-appointment of 5th Pension Board Member -- Justin Gerow
- Mr. Baird MOVED, Mr. Albers SECONDED to reappoint Mr. Gerow. MOTION CARRIED.

NOTE: Next Scheduled Meeting was heard following Reports.

B. Next Scheduled Meeting

- 1. March 19, 2020
- Consensus was for the meeting to commence at 8:30 a.m.

NOTE: Citizen Comments on Agenda Items Only was heard following Roll Call.

CITIZEN COMMENTS ON AGENDA ITEMS ONLY

- None.

APPROVAL OF MINUTES

A. September 19, 2019

- Mr. Baird MOVED, Mr. Gerow SECONDED approval of the September 19, 2019 minutes. MOTION CARRIED UNANIMOUSLY.

NOTE: Reports were heard following Re- appointment of 5th Pension Board Member.

REPORTS

NOTE: Mr. Gibbs and Mr. Briggs arrived at 8:06 a.m.

A. AndCo Consulting--Kerry Richardville

- 1. September 30, 2019 Performance Report
- Ms. Kerry Richardville, AndCo Consulting (ACC), drew attention to ACC's Investment Performance Review, as delineated in the agenda material, for the period ending September 30, 2019, noting market performance within the third quarter of 2019 produced mixed results; however, uncertainties had begun to stabilize toward the end of the quarter. She then reviewed asset allocations as denoted on pages 10 and 12,

noting the market value of the plan was in line with investment policy targets and there was no need to rebalance at this time. She summarized Total Fund Performance denoted on page 15 as follows: quarter, 40% (80th percentile); Fiscal Year (FY) to Date, 5.18% (26th percentile); 3 year, 10.38% (1st percentile); 5 year, 8.20% (1st percentile). She then reviewed the performance of individual investment managers (pages 15 and 16). She noted the domestic fixed income investment manager, Dodge & Cox, had underperformed relative to the benchmark, explaining they were using a shorter duration for their fund than the benchmark as they felt interest rates were artificially low and would increase. She then stated the global fixed income investment manager, Templeton Global, was also using a shorter duration for their fund, adding their lack of exposure to the United States as well as exposure to Latin America had contributed to the strategy's underperformance relative to the benchmark.

- Mr. Baird questioned whether funds should be transferred from bonds and rebalanced into real estate since bonds were forecasted to produce negative returns.
 - Ms. Richardville replied same could be done if the Board desired.
 - Discussion ensued regarding the Fund's fixed income strategies and Florida State Statute's requirement for 25% of the portfolio to be invested in fixed income, with members speaking in favor of rebalancing fixed income into real estate.
 - Mr. Baird MOVED, Mr. Gerow SECONDED to transfer 2% of fixed income currently invested in bonds to Intercontinental Real Estate. MOTION CARRIED UNANIMOUSLY.
2. November 30, 2019 Flash Report
- Ms. Richardville presented the Investment Performance Review for the period ending November 30, 2019, from the agenda material, noting total fund performance was 2.66% in November 2019. She spoke positively on market performance, reiterating uncertainties within the markets were beginning to stabilize.
3. Discussion on asset allocation
- Ms. Richardville provided a brief review of the Asset Allocation Analysis, included in the agenda material, explaining same was intended to model the differences in forecasted returns for the pension's current mix (infrastructure funds taken from equity) versus the alternative mix (infrastructure funds taken from bonds).
4. Update on Portfolio Post-Ordinance Passing
- Ms. Richardville announced an ordinance was adopted in November 2019 incorporating bank loans and infrastructure as new asset classes. She reviewed the steps ACC took to implement the investment policy approved by the Board, concluding \$750,000 had been committed for investment in Brookfield.

- Mr. Baird confirmed Brookfield's funds were taken from domestic equity, opining same should be taken from other asset classes.
 - Discussion ensued regarding expected returns for domestic equity compared to international equity, with members speaking in favor of lowering the target percentage for international equities.
 - Mr. Baird MOVED, Mr. Gerow SECONDED to transfer 5% from international equity to infrastructure rather than from domestic equity. MOTION CARRIED UNANIMOUSLY.
- B. Foster and Foster--Patrick Donlan
1. October 1, 2019 Actuarial Valuation Report
- Mr. Patrick Donlan, Foster and Foster, drew attention to the Actuarial Impact Statement from the agenda material, explaining Florida State Statute established the death in-line-of-duty presumption which caused the in-line-of-duty assumption to increase from 75% to 90% of deaths and disablements for firefighters. He then provided a detailed review of the Actuarial Valuation Report, commenting on the use of a smoothing technique to stabilize the City's contribution. He reported an unfunded actuarial accrued liability of \$1,937,000 as of October 1, 2019. He proposed an experience study be done to review assumptions and any necessary changes. He explained the previous experience study was completed in 2010, recommending the Board authorize him to complete one during the summer of 2020.
 - Mr. Gerow MOVED, Mr. Baird SECONDED to approve the Actuarial Valuation Report. MOTION CARRIED UNANIMOUSLY.
 - Mr. Donlan confirmed the minimum fee for an experience study would be \$7,500.
 - Mr. Briggs MOVED, Mr. Gerow SECONDED to approve the experience study. MOTION CARRIED UNANIMOUSLY.
 - Mr. Briggs pointed out the letter to the State required a rate assumption.
 - Mr. Donlan replied that for purposes of declaration, he recommended 7.75% as the expected return for the next year, the next several years and the long term thereafter.
 - Ms. Richardville concurred, stating a motion should be made to declare same. She concluded a letter would be created based on the motion and sent to the State.
 - Mr. Briggs MOVED, Mr. Baird SECONDED to declare 7.75% as the expected return assumption for the next year, the next few years and the long term thereafter. MOTION CARRIED UNANIMOUSLY.
 - Mr. Briggs questioned whether the impact statement regarding the in-line-of-duty presumption required an ordinance change.
 - Mr. Donlan replied that an ordinance change would eventually be needed to include same in the pension plan, noting some attorneys were waiting until details were clarified.

NOTE: New Business was heard following Next Scheduled Meeting.

NEW BUSINESS

- A. Error and Omissions Insurance Discussion
 - Mr. Albers spoke on the current liability insurance policy, opining \$4,000 a year for same was excessive. He stated he had met with Mr. Phil Wickstrom, Human Resources Manager, and questioned whether a new insurance policy could be researched. He explained information regarding his inquiry had not been received yet, concluding the discussion would need to be continued to the next meeting.
 - Mr. Baird questioned if Mr. Albers could be authorized to make changes to the policy once an answer was received from the State.
 - Discussion ensued regarding errors and omissions insurance.
 - Mr. Gerow MOVED, Mr. Baird SECONDED to approve authorization of Mr. Albers to research a new insurance policy and to accept same if the rate was an improvement compared to the current rate. MOTION CARRIED UNANIMOUSLY.

UNFINISHED BUSINESS

- No discussion.

STAFF COMMENTS

- None.

COMMITTEE/BOARD COMMENTS

- Mr. Briggs stated Board Attorney Ken Harrison apologized for being absent from the meeting, noting he could attend the next meeting if members desired.
- Members agreed he could attend the December 2020 meeting unless he had a specific topic to discuss before then.

CITIZENS' COMMENTS

- None.

ADJOURNMENT

- Meeting Adjourned: 9:15 a.m.

Bill Albers, Chairman

Leah Pues, Recording Secretary