

**FIREFIGHTERS' PENSION BOARD  
MEETING  
DECEMBER 17, 2020**

**MEMBERS PRESENT:** Bill Albers, Chairman  
David Baird, John Briggs,  
Jerod Jones, Justin Gerow

**OTHERS PRESENT:** Kristin Simeone, Finance Director  
Kerry Richardville, AndCo Consultants  
Patrick Donlan, Foster & Foster  
Board Attorney Ken Harrison (via phone)  
Holden Gibbs

**CALL TO ORDER/ANNOUNCEMENTS**

- Mr. Albers called the meeting to order at 8:35 a.m.
- A. Roll Call
- B. Next Scheduled Meeting
- 1. To be determined.
- Consensus of members was for the 2021 meeting dates to be scheduled as follows:  
March 18, 2021; June 17, 2021; September 16, 2021; December 16, 2021.

**CITIZEN COMMENTS ON AGENDA ITEMS ONLY**

- None.

**APPROVAL OF MINUTES**

- A. September 17, 2020
- Mr. Baird MOVED, Mr. Gerow SECONDED approval of the September 17, 2020, minutes.  
MOTION CARRIED UNANIMOUSLY.

**REPORTS**

- A. AndCo Consulting, Kerry Richardville
- 1. Presentation: Workings of the Pension Fund and Service Providers
- Ms. Kerry Richardville, AndCo Consulting (ACC), briefly reviewed the Service Provider Introduction presentation, denoted in the agenda material, noting same was included as an update for Mr. Jones regarding ACC's role and the service providers for the Plan.
- Mr. Albers recommended an introductory presentation be adopted and presented each time a new member joined the Board.
- 2. September 30, 2020 Quarterly Report
- Ms. Richardville drew attention to ACC's Investment Performance Review, as delineated in the agenda material, for the period ending September 30, 2020, noting market performance for the quarter ended extremely strong, especially domestically. She

explained support from the Federal Government was still in place; however, some uncertainties developed toward the end of the quarter related to the next support package which was in debate at this time. She stated July 2020 and August 2020 were particularly strong months, explaining the majority of the performance was driven by FAANG stocks (Facebook, Amazon, Apple, Netflix, Google and Microsoft). She then reviewed the results for developed and emerging markets from a quarterly and one-year basis (pages 2-3), pointing out the deviation of the growth and value indexes on a one-year basis indicated a potential shift in dynamics. She briefly reviewed asset allocations on page 10, noting page 12 was a visualization of the Plan's allocations compared to its targets. She summarized Total Fund Performance denoted on Page 15 as follows: quarter, 6.42% (7<sup>th</sup> percentile); Fiscal Year (FY) to Date, 13.32% (3<sup>rd</sup> percentile); 3 year, 9.92% (1<sup>st</sup> percentile); 5 year, 10.83% (1<sup>st</sup> percentile). She provided an overview of the individual investment managers' performance as compared to the benchmark (pages 15-16), speaking positively on the performance of the Plan.

3. November 30, 2020 Flash Report

- Ms. Richardville presented the Investment Performance Review for the period ending November 30, 2020, from the agenda material, noting total fund performance was 9.35% in November 2020. She stated being overweight in growth had contributed to the performance of the Plan, pointing out the market value in Wells Fargo Growth was heavier than in the Dodge & Cox Stock Fund. She suggested \$1.25 million be transferred from Wells Fargo Growth to the Dodge & Cox Stock Fund, adding members might want to consider rebalancing into value as the trend of growth could shift.
- Mr. Albers inquired whether same should be done this date.
- Ms. Richardville replied affirmatively, noting the rebalance was not mandated by the investment policy. She indicated there were uncertainties as to whether the dominance of growth would continue and opined more closely aligning value and growth would be ideal.
- Mr. Baird proposed additional funds be allocated to real estate, adding there was potential for Intercontinental to produce a surprise performance.
- Ms. Richardville indicated real estate could be increased.
- Mr. Gerow agreed funds should be cycled from growth, commenting on the peculiarity of 2020.
- Discussion ensued regarding changes which occurred within the growth index of certain technological organizations and the Initial Public Offering market.
- Mr. Baird noted real estate removed some of the volatility.

- Ms. Richardville agreed, indicating Intercontinental was well positioned as some of their largest tenants were the Attorney General for the State of Massachusetts and Harvard Medical School. She stated some changes might occur as a result of the COVID-19 pandemic; however, she opined the current manager was sufficient.
- Mr. Albers questioned whether members consented to allocating \$350,000 from Wells Fargo to Intercontinental, which would bring same to approximately 10%, and then balancing 50% between Wells Fargo Growth and Dodge & Cox.
- Mr. Baird suggested increasing the target for real estate to 12%.
- Mr. Albers agreed with same.
- Mr. Baird MOVED, Mr. Gerow SECONDED to readjust weightings in Wells Fargo growth, Dodge & Cox and real estate in order to raise Intercontinental's real estate holding to 12% of the portfolio and to balance Wells Fargo and Dodge & Cox at 50% each. MOTION CARRIED UNANIMOUSLY.
- Ms. Richardville concluded she would move forward with same. She then provided an update on the information received from Brookfield regarding the capital call for the Intercontinental infrastructure investment, noting a little under \$2 billion was called and the Fund was in the next queue of \$300 million. She indicated the investment had steadily produced 2% return in the previous quarters, adding the expectation was for same to be a steady income stream.
- Mr. Baird expressed concern regarding allocation of funds from equities into an investment which yielded less than 7% return, indicating he had no issues with allocating bond funds (fixed income) into infrastructure rather than equity.
- Mr. Gerow questioned whether the State required fixed income to be at 25%.
- Ms. Richardville deferred the question to Board Attorney Ken Harrison, recalling the Board was seeking to fund the capital call for the Brookfield Super-Core Infrastructure fund with fixed income as the source and desired to know the minimum amount required to be maintained.
- Board Attorney Harrison explained Florida Statutes allowed Boards to develop their own investment policies, noting the trend had been to reduce the percentage of fixed income and increase the percentage of equity. He indicated a portion of investments should remain in fixed income as same was viewed as a more stable allocation, concluding he had no issues with the Board rebalancing at this time as they were within their legal restrictions for same.
- Discussion ensued regarding which portion of the Fund's allocations in fixed income should be used to fund investment in Brookfield as well as how to define target allocations in the Investment Policy Statement.

- Mr. Baird MOVED, Mr. Briggs SECONDED to change the targeted weight for fixed income from 25% to 20%, with the remaining 5% to be devoted to infrastructure when called to make the investment. MOTION CARRIED UNANIMOUSLY.
  - Board Attorney Harrison verified allocations from the Fund's investment policy would need to be redone.
  - Ms. Richardville stated the changes would be forwarded to the Legal Department for review prior to distributing same to members.
- B. Foster and Foster – Patrick Dolan
1. October 1, 2020 Actuarial Valuation Report
- Mr. Patrick Donlan, Foster and Foster, drew members' attention to the October 1, 2020, Actuarial Valuation Report (Report), denoted in the agenda material, noting a recent Experience Study was completed and assumptions were analyzed to determine if rates should be adjusted. He explained all the recommended changes from the Study were adopted except for salary increases, then provided a detailed review of the Report. He suggested the Board continue reducing the assumptions gradually, particularly due to the future outlook for equity and fixed income markets. He verified a requirement from the State was for the Board to make a declaration of the expected return assumption for the next year, the next several years and the long-term thereafter. He opined 7.6% was a reasonable expected return assumption at this time, advising same could be lowered when completing the next valuation report.
  - Mr. Briggs MOVED, Mr. Gerow to approve the October 1, 2020 Actuarial Valuation Report. MOTION CARRIED UNANIMOUSLY.
  - Mr. Briggs MOVED, Mr. Baird SECONDED to request Mr. Donlan write the letter which the Board must send to the State approving the 7.6% investment return assumption moving forward. MOTION CARRIED UNANIMOUSLY.
  - Mr. Donlan noted the statements regarding same would be provided to members in approximately two weeks.

#### **NEW BUSINESS**

- A. Letter from State – Discussion about Future Investment Return Assumptions – Bill Albers
- Mr. Albers recalled the Board decided the expected rate of return at their previous meeting, noting he had received a letter from the State regarding same. He opined there was no need to lower future investment expected return assumptions to the recommended level, noting the Plan was moving along at almost 11% over the past 5 years. He inquired whether any members had a differing opinion, adding a decision would not be made this date and could be included on the agenda for the next meeting if members desired.

- Mr. Baird spoke in favor of lowering targeted returns for the Fund; however, he spoke against doing so if same were to cause the City significant costs.
  - Mr. Albers agreed, noting the following year would likely be difficult since the State was already speaking of funding problems.
  - Board Attorney Harrison stated pension boards were committing to lowering expected investment returns, with a majority of plans targeting 7%, but only reducing their expected return assumption by 10 basis points each year to reduce the impact on city budgets, particularly this year
  - Ms. Kristin Simeone, Finance Director, indicated the Finance Department was in agreement that same should be lowered slowly over a period of time.
- B. Secure Act – Ordinance Change
- Board Attorney Harrison stated the Federal Government passed acts to ease the impact of the COVID-19 pandemic. He explained the Secure Act addressed a provision in the Internal Revenue Code by increasing the age at which a retiree was required to start drawing minimum distributions to 72, adding the provision waived any minimum withdrawals for this year. He noted there was outdated language in the Plan which still needed to be updated to comply with the Internal Revenue Code’s provisions.
  - Mr. Briggs MOVED, Mr. Baird SECONDED to approve the Secure Act ordinance change as written. MOTION CARRIED UNANIMOUSLY.
  - Mr. Briggs noted he would forward a copy to Mr. Donlan for the impact statement prior to providing same to the City.

**UNFINISHED BUSINESS**

- A. Discussion – Fiduciary Liability Insurance – John Briggs
- Mr. Albers recalled Fiduciary Liability Insurance was discussed at the previous meeting, noting members were informed 2 out of 48 municipalities had fiduciary policies. He stated members decided to wait for the Board Attorney’s opinion on whether the Board should obtain same, concluding the cost was only \$4,000; however, the Board should not procure the Fiduciary Liability Insurance if not needed.
  - Board Attorney Harrison stated the City might have liability insurance which would cover members, recommending members obtain the coverage if they were not covered by the City. He explained the custodian of the Board actually handled funds, noting members should ensure they had liability insurance.
  - Mr. Baird stated members verified Fiduciary Liability Insurance was not for officers and directors, which was what members had desired.

- Mr. Albers added the Plan's insurance agent explained members would be included under the umbrella coverage of the City and would be fully covered if sued as Board members were volunteers.
- Board Attorney Harrison opined the Board would not need Fiduciary Liability Insurance if same had been confirmed.
- Discussion ensued regarding whether Fiduciary Liability Insurance was needed for the Board as well as potential situations which might require same.
- Board Attorney Harrison recommended Risk Management be contacted for a copy of the Board's current insurance coverage and whether there was an exemption for fiduciary duties under same.
- Mr. Albers concluded he would continue to investigate the matter.
- Board Attorney Harrison then noted Cyber Insurance was being recommended and discussed throughout the State as same was no longer covered under Fiduciary Liability Insurance, adding the trend appeared to be for members of plans to request their service providers have same.
- Mr. Briggs indicated he would contact Salem Trust to verify and request a copy of the Plan's coverage.
- Mr. Albers stated he spoke to Public Risk Insurance on September 17, 2020, noting they confirmed members were covered by the City's Public Official Policy; however, his note indicated the attorney had recommended Fiduciary Insurance as well, reiterating additional research was needed regarding same.

**STAFF COMMENTS**

- None.

**COMMITTEE/BOARD COMMENTS**

- None.

**CITIZENS' COMMENTS**

- Mr. Holden Gibbs suggested determining the expected return assumption amount the General Employees' Pension and Police Officers' Pension Boards were targeting, noting both were already at 7%.
- Mr. Baird suggested the Board make a goal to lower the rate of return slightly each year to align with going assumptions.
- Board Attorney Harrison concluded his office made contributions in the name of their clients to charities providing food throughout the State for the holidays this year.

ADJOURNMENT

- Meeting Adjourned: 10:05 a.m.

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Bill Albers, Chairman

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Leah Pues, Recording Secretary