

**FIREFIGHTERS' PENSION BOARD  
MEETING  
SEPTEMBER 16, 2021**

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

**MEMBERS ABSENT:** Jerod Jones

**OTHERS PRESENT:** Kristin Simeone, Finance Director  
Kerry Richardville, AndCo Consultants  
Jimmy Stafford (telephonically),  
Michael Jaje (telephonically)

**CALL TO ORDER/ANNOUNCEMENTS**

- Mr. Albers called the meeting to order at 8:30 a.m.
- A. Roll Call
- B. Next Scheduled Meeting
- 1. December 16, 2021

**PUBLIC COMMENTS**

- None.

**APPROVAL OF MINUTES**

- A. June 17, 2021
- Mr. Baird MOVED, Mr. Gerow SECONDED approval of the June 17, 2021, minutes.  
MOTION CARRIED UNANIMOUSLY.

**REPORTS**

- A. AndCo Consulting, Kerry Richardville
- 1. Atlantic Capital SMID update (telephonic): Jimmy Stafford and Michael Jaje
- Mr. Jimmy Stafford, Atlanta Capital Management (ACM), drew members' attention to the small and mid-cap equity presentation, denoted in the agenda material, providing a brief overview of ACM's investment franchises and core equity management (page 2). He stated Morgan Stanley Investment Management (MSIM) acquired the parent company of ACM on March 1, 2021, noting same would have no impact on ACM. He concluded the total assets managed by the team was approximately \$20 billion.
- Mr. Michael Jaje, ACM, reviewed ACM's investment objectives (page 4) along with their performance results as of June 30, 2021, and portfolio metrics (pages 6 and 7).
- Mr. Baird questioned whether inflation would be temporary or sustainable.

- Mr. Jaje replied there was more of a sustainable push for same, noting most of the persistent inflation was from the labor sector. He indicated the commodity market would likely fluctuate and eventually reset, noting ACM would continue to monitor inflation.
- A question and answer session took place between Mr. Jaje and Mr. Baird regarding possible causes for inflation in the energy sector, rate of earnings growth in the market, breadth of research coverage for businesses and potential outcome if the \$3.5 trillion reconciliation bill moved forward.
- Ms. Kerry Richardville, AndCo Consulting (ACC), spoke positively on the quality investment approach of ACM, anticipating focus on quality would serve the purpose of the Fund if there should be volatility or a pull back in the market.
- Mr. Baird agreed; however, he expressed concern regarding the potential of MSIM gaining more control of ACM's affairs.
- Ms. Richardville indicated same would be monitored.

2. June 30, 2021 Performance Report

Ms. Richardville drew members' attention to ACC's Investment Performance Review for the period ending June 30, 2021, as delineated in the agenda material, reviewing the results for domestic and international markets from a quarterly and one-year basis (page 3). She summarized the performance of the Russell Style Series, pointing out growth was in the lead for the quarter (page 4). She briefly reviewed the top 10 index weights and quarterly performance for the Russell 1000 and Russell 2000 (page 6) as well as the Treasury Yield Curve (page 10) and asset allocations by segment (page 12), noting the Fund was on target and finished the quarter with \$21,849,792. She summarized Total Fund Performance (page 17) as follows: quarter, 6.60% (8<sup>th</sup> percentile); fiscal year to date (FYTD), 23.41% (13<sup>th</sup> percentile); 3 year, 15.09% (net); 5 year, 14.13% (net). She provided a detailed overview of the individual investment managers' performances as compared to the benchmark (pages 17-18). She then stated the acquisitions by two private equity partners, GTCR LLC and Reverence Capital Partners, for Wells Fargo Asset Management (WFAM) would close by October 11, 2021, and ACC would continue to monitor same, noting currently the only change was to rebrand WFAM as Allspring.

3. August 31, 2021 Flash Report

- Ms. Richardville announced the FYTD performance for the period ending August 31, 2021, was approximately \$22.5 million (26.51%). She briefly reviewed the asset allocations versus the target allocations (page 3), noting the call for real estate was registered on July 1, 2021.
- Mr. Baird questioned whether there were any updates for infrastructure.

- Ms. Richardville responded the COVID-19 pandemic and pricing issues in 2020 had slowed the pipeline, noting the situation had gained momentum since then. She stated two new deals were announced, with one relating to a utility asset and the other to cellphone towers and infrastructure, anticipating the next capital call would be within the next few quarters of 2022.
- Mr. Baird suggested members consider joining the quarterly conference call of intercontinental as same had been helpful.
- 4. Intermediate Fixed Income Manager Discussion
  - Ms. Richardville drew attention to the Intermediate Duration Fixed Income Manager Analysis presentation, denoted in the agenda material, noting same was to consider investing in intermediate fixed income managers due to potential rate increases over time. She stated the three candidates evaluated were Baird Intermediate Bond Institutional (BIMIX), Metropolitan West Intermediate Bond Institutional (MWIIX) and Western Asset Intermediate Bond IS (WABSX). She reviewed the minimum investment costs as well as the information of each firm and their team, including their strategies, portfolio construction, sector allocations and performance. She drew members' attention to the Risk and Reward chart on page 17, opining BIMIX aligned with the Plan as same was steady and predictable. She indicated MWIIX was a sufficient team; however, their Chief Investment Officer announced his retirement at the end of the year and there were indications of dissent between management and the management teams, adding there were concerns there might be additional departures to come. She commented each candidate was well regarded, reiterating BIMIX appeared to align best with the goals of the Plan.
  - Mr. Albers opined WABSX aligned well with the Plan after researching same on Morning Star, noting the expenses were higher but the performance was better; additionally, they had below average risk with average returns, whereas the others had below average returns.
  - Ms. Richardville stated the fees were close to those of Dodge & Cox and the recommendation would be to fully replace same with one of the recommended firms. She then provided information she received from a fixed income manager in response to an inquiry from Mr. Baird relating to researching additional variables within fixed income, verifying the firms had the ability to use corporate floaters if necessary.
  - Mr. Gerow indicated he had satisfactory experience with WABSX.
  - Mr. Baird inquired as to the situation with MWIIX.
  - Ms. Richardville responded there were concerns with the current circumstances of management.

- Mr. Baird spoke in favor of removing MWIX as an option.
- A brief discussion ensued regarding the selection between BIMIX and WABSX, with members expressing favor for WABSX.
- Mr. Briggs MOVED, Mr. Gerow SECONDED to fully replace Dodge & Cox with WABSX. MOTION CARRIED UNANIMOUSLY.
- Ms. Richardville then requested a motion to change the domestic fixed income benchmark.
- Mr. Baird MOVED, Mr. Gerow SECONDED to change the domestic fixed income benchmark. MOTION CARRIED UNANIMOUSLY.
- Ms. Richardville concluded members would be updated on the deal between Wells Fargo and Allspring which should move forward by October 11, 2021, adding there were no additional changes recommended at this time.

### NEW BUSINESS

- A. Administrative Expense Budgets, John Briggs
  1. Administrative Expense Budget (Actual) 2020/2021
    - Mr. Briggs drew attention to the expense budget for Fiscal Year (FY) 2020/2021, denoted in the agenda material, briefly reviewing same.
    - Mr. Baird received verification on how Salem Trust charged fees, questioning whether there were variances in same.
    - Ms. Richardville replied the fees were fairly consistent, opining Salem Trust was the most appropriate custodian for the Fund.
    - Mr. Briggs concluded funds were not used for travel and education or miscellaneous expenses, requesting a motion to accept the actual budget.
    - Mr. Gerow MOVED, Mr. Baird SECONDED to accept the actual budget. MOTION CARRIED UNANIMOUSLY.
  2. Administrative Expense Budget (Proposed) 2021/2022
    - Mr. Briggs drew members' attention to the proposed expense budget, requesting members provide estimated expenses for FY 2021/2022 based on the actual budget.
    - Mr. Gerow recommended the actuary expense remain the same, inquiring whether there would be any revisions to the ordinances the following year.
    - Mr. Briggs replied with uncertainty, noting the attorney/legal expense should remain the same in case there was.
    - Mr. Albers opined only the custodial expense should be increased.
    - Mr. Gerow suggested increasing same to \$13,000. He then questioned when members would need to travel.
    - Mr. Albers replied same would be for conferences.

- Mr. Baird noted a conference he attended for Intercontinental was helpful, adding members were legally expected to attend the conferences in Tallahassee.
- Ms. Kristin Simeone, Finance Director, expressed uncertainty regarding same, noting there were typically educational requirements which must be met yearly or biyearly; however, same could be verified with the board attorney.
- Discussion ensued regarding potential options for meeting the educational requirements, with Mr. Baird suggesting members verify same with the attorney at the next meeting.
- Mr. Briggs then reviewed the proposed expense budget for FY 2021/2022.
- Mr. Briggs MOVED, Mr. Gerow SECONDED to accept the proposed budget for FY 2021/2022.
- Mr. Baird inquired whether rate increases should be expected from ACC.
- Ms. Richardville replied the expense could remain at \$19,500, explaining an increase would be discussed in the next several quarters and was not on the short-term horizon.
- MOTION CARRIED UNANIMOUSLY.

#### **UNFINISHED BUSINESS**

- A. Portal Discussion, Online Benefit Calculator through Foster and Foster – John Briggs
  - Mr. Briggs recalled the portal discussion of the online benefit calculator presentation was tabled at the previous meeting, noting members of the Plan were in favor of same. He indicated members had questioned him regarding advice on decisions for retirement, explaining many times he was unable to answer the questions and informed members to seek professional advice. He stated the implementation fee was \$3,000 and the administrative annual fee was \$6,000, adding the program could be discontinued if same was not being used by members.
  - Mr. Baird questioned the decisions made by the General Employees’ Pension Board (GEPB) and Police Officers’ Pension Board (POPB) regarding the program.
  - Ms. Simeone replied both were still considering the program, particularly the GEPB which had a closed plan, noting the POPB had discussion of the program on their agenda.
  - Mr. Baird recalled there would be a financial discount if all the boards joined the program, noting the Firefighters’ Pension Board could commit to the program; however, the desire was for the other boards to join.
  - Ms. Simeone questioned whether members would still move forward with the program even if the POPB decided against it.
  - Mr. Albers replied affirmatively.
  - Mr. Gerow MOVED, Mr. Baird SECONDED to adopt the online portal through Foster and Foster for the Firefighters’ Pension Plan members. MOTION CARRIED UNANIMOUSLY.

- Mr. Gerow inquired as to when the program would begin.
- Mr. Briggs responded he would verify same.
- Ms. Simeone added the Information Technology Department would have to work with the program as well since data would be transferred from the payroll system.

**STAFF COMMENTS**

- None.

**COMMITTEE/BOARD COMMENTS**

- None.

**CITIZENS' COMMENTS**

- None.

**ADJOURNMENT**

- Meeting Adjourned: 9:33 a.m.

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Bill Albers, Chairman

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Leah Pues, Recording Secretary