

**FIRE PENSION BOARD MINUTES**  
**Wednesday, May 17 2023 – 9:30 a.m.**  
**City Hall, Council Chambers, Vero Beach, Florida**

**PRESENT:** Terry Zokvic, Chairman; Henry Losey, Secretary/Treasurer; Member: Kent Middleton **Also Present:** Rita Chartier, Senior Administrative Assistant

**1. CALL TO ORDER**

Today's meeting was called to order at 9:30 a.m.

**2. AGENDA ADDITIONS AND DELETIONS**

Mr. Zokvic stated that he would like to talk about the new Ordinance under Chairman's matters.

**3. APPROVAL OF MINUTES**

**A) February 15, 2023**

**Mr. Losey made a motion to approve the February 15, 2023 Fire Pension Board minutes. Mr. Middleton seconded the motion and it passed unanimously.**

**4. PUBLIC COMMENTS**

None

**5. QUARTERLY REPORTS**

**A) Highland Capital Management**

Mr. Todd Wishnia, with Highland Capital, was present for today's meeting. He talked about what they have seen in the financial market and he stated that this was the second consecutive quarter of gains. He said the S&P posted a gain of 7.4% for the quarter and that it was a very narrow market. The equal weighted S&P was up just 2.9%. He said what they saw in 2022 is not what they are seeing in 2023. He gave a brief report on the status of the performing sectors and stated that energy was the biggest loser at -4.7%. He then gave a Power Point presentation on the Investment Review Report for the period ending March 31, 2023 (on file in the City Clerk's office) and talked about the fixed income for the first quarter and the recent events in the banking sector. He explained that they did own a small share in Silicon Valley Bank, but they sold it immediately and only took a small loss of about \$2,600.

Mr. Dave West, with AndCo, stated that the yield difference between the U.S. Treasuries Money Market Fund and bank deposits is huge and they are getting 4.5% – 5% in the Money Market Fund. He said there has also been a massive outflow of bank deposits, not because of the banking issues, but because of the publicity about the higher interest rate in the U.S. Treasuries Money Market Fund.

Mr. Wishnia said that he agrees they have to wait and see and there is a lot of uncertainty in the financial sector. He said that they are maintaining and they have not added any risk to the portfolio because they do not know where things are going.

Mr. Wishnia continued with the Power Point presentation and talked about the Domestic Equity Sector. He said it was a frustrating quarter due to the financials and before the banking issue hit the portfolio was up 5.06% through March 3, 2023 and then it dropped down -3.09%. They continued trimming utility and energy stocks. He stated that they are at about 57% value and 43% growth, but he will see about getting it to more of a 50/50 ratio so they are more even.

## **B) Salem Trust**

This item was discussed after item 5-C).

Mr. Zokvic said in the back up materials for Salem Trust they can see that they did not receive any refunds or any money. They have no payouts for pending claims and there are only two (2) claims in the file.

## **C) AndCo Consulting**

This item was discussed after 5-A).

Mr. Dave West, with AndCo, referred to his Investment Performance Review report for the period ending March 31, 2023 (on file in the City Clerk's office). He said because of the recent Federal activity, they have to wait to see what happens. He talked about the equity market, the stocks, and the bond market. He said in order for the interest rates to come down there needs to be an economic problem or slow down. Right now they can get a 5% yield on Treasury Bills with very short maturity times and virtually risk free. He said last quarter they did some rebalancing and moved more money than usual into the cash reserves so there is no need for them to take any extra risks. He said a major concern is how severe the slowdown will be. He referred to the Executive Summary on page 13 of the report and talked about their options with the underperforming and the over weighted equities. He said the only other item of concern is real estate and because of the stress on the market they continue to see negative returns from that sector.

Mr. Losey stated that there were cash adjustments made since their last meeting so he would like to know if that was from real estate.

Mr. West replied that he believes those distributions are still locked up.

Mr. Losey said he thought they were supposed to receive a distribution in May and that is why the cash flow is up quite a bit.

Mr. West replied yes, they did actually receive a partial redemption from Intercontinental after the close of March, but they are still waiting on a substantial amount of money. He said real estate is one (1) area of ongoing concern with Intercontinental being down -3.6 % for the quarter and for the

fiscal year to date they are down a little over -9%. He stated that they are slowly starting to see the impact of higher interest rates. He said they are in real estate funds to generate income. Even going back 10 years it has always delivered and last fiscal year it was in excess of 20%. He discussed the Comparative Performance Trailing Returns on pages 18 and 19 and the Financial Reconciliation Quarter to Date figures on page 20. He believes they are very well positioned between now and the end of the fiscal year.

**6. NEW BUSINESS**

None

**7. OLD BUSINESS**

None

**8. CHAIRMAN'S MATTERS**

Mr. Zokvic stated that they have been working on an Ordinance to update the Fire Pension Plan so they are able to keep the premium tax. He said it was not on the agenda for yesterday's City Council Meeting, but as soon as City Council knows what their meetings dates will be they will get it on their agenda.

**9. MEMBER'S MATTERS**

None

**10. ADJOURNMENT**

Today's meeting adjourned at 10:06 a.m.

/rc