

FIRE PENSION BOARD MINUTES
Wednesday, June 16, 2021 – 9:30 a.m.
City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Charles Zokvic, Chairman; Henry Losey, Secretary/Treasurer; Member: Kent Middleton
Also Present: Records Retention Specialist, Heather McCarty

1. CALL TO ORDER

The meeting was called to order at 9:33 a.m.

2. AGENDA ADDITIONS, DELETIONS AND ADOPTION

None

3. APPROVAL OF MINUTES

A) February 17, 2021 Minutes

Mr. Losey made a motion to approve the February 17, 2021 Fire Pension Board minutes. Mr. Middleton seconded the motion and it passed unanimously.

4. PUBLIC COMMENTS

None

5. QUARTERLY REPORTS

A) Salem Trust

*This item was discussed after item 5-B).

Mrs. Karen Russo, with Salem Trust, joined the meeting via Go-To meeting. She referred to their Class Action Report for the period January 1, 2021 through March 31, 2021 (on file in the City Clerk's office). She reported that they filed one (1) claim during the period for DaVita. She added there were no settlements received for the quarter.

Mrs. Russo said that she wanted to address a letter that was sent to them on March 23, 2021 regarding a correction that was made (on file in the City Clerk's office). She explained that it was a correction to a trade that was not identified back in March of 2020 and the principal was under-applied. She said that this March of 2021, they corrected the issue and put back in the additional principal and interest. She said that this was an isolated situation that affected around 10 accounts. She wanted to point out that last March they were dealing with COVID and employees working remotely, market volatility, 50% higher trading volume and their system transition.

Mrs. Russo let them know that Salem Trust would have a booth at the upcoming FPPTA conference. She said they appreciate their business and apologized again for the error.

B) Highland Capital Management
1. Portfolio Appraisals

*This item was discussed after item 4).

Mr. Todd Wishnia, with Highland Capital, reported that for the quarter, they saw pretty solid gains, with the S&P being up 6.17%. He said once again, for two (2) quarters in a row they saw value outperforming growth. He talked about some of the things that were driving the market for the quarter. He noted the best performing sectors were Energy, Financials and Industrials and some of the worst performing sectors were Staples, Tech and Utilities.

Mr. Wishnia went to the Performance Returns for Various Periods chart shown on page 12 in their Investment Report for the period ending March 31, 2021 (on file in the City Clerk's office). He pointed out that Domestic Equities saw strong numbers and were up 12.14%. He reviewed the Domestic Equity Allocation chart on page 13. He reported that Energy was up 30%. He talked about some of the additions and changes they have made to their portfolio. He reviewed the quarter and fiscal year to date (FYTD) numbers on page 12. He commented that it was a pretty solid quarter overall. For the current quarter through yesterday, he reported that Domestic Equities were up 7.1% vs. the index at 7.4%, Fixed Income went up 1.7% vs. the index at 1.5% and the International Market was up 5% compared to the index at 7.5%.

At this time, item 5-A) was discussed.

C) AndCo Consulting

Mr. West commented that by putting this quarterly meeting off a little, they have gained more income that he can report on. He said through May, they have appreciated another 5.5%. Today he is going to suggest that they look at getting back to the center mark for the policy. They are very conscious of the year they had last year, so they are trying to press the envelope within reasonable fiduciary standards to try and close the performance gap any way they can. He said that the accumulation of dollars has been very strong this year and they are working hard to offset the disappointing year last year and so far, it's been really successful.

Mr. West went to his Investment Performance Review Report for the period ending March 31, 2021 (on file in the City Clerk's office). He went over the 1-Year Performance chart on page 2. He noted that this is the one (1) year anniversary of the Covid market fall out. He said that mid-cap and small-cap are the leaders now, with mid-cap up 73% and small-cap up almost 100%. He was glad to see that Highland is making an in-house shift down to be able to pick up some of what is going on in the market. He went over the Quarter Performance chart at the top of page 3, pointing out that value continues to fully dominate growth. He talked about the best performing areas shown in the chart on page 4. He reviewed page 9, Market Rate and Yield Curve Comparison, and page 10, Asset Allocation Compliance. He thinks this is a great time to take all the outperformance they are talking

about and move that back to policy target. He is making a recommendation to rebalance both domestic and international equity allocations in the portfolio back to long term policy targets and allocating those monies into the broad market fixed income allocation. He said he will calculate the freshest numbers and coordinate with Highland to get that done.

Mr. Losey made a motion to accept their Manager's recommendation of policy change to rebalance back to the policy's targets. Mr. Middleton seconded that motion and it passed unanimously.

Mr. West continued in their report, going over the Schedule of Investable Assets chart on page 14. He said they started in December 1990 with \$3 million in assets and that has appreciated to \$7.867 million in March of 2021. He went over page 15, Comparative Performance Trailing Returns, pointing out it was a quarter of spectacular returns for them. He reported that the Total Fund (Net) was up 6.64% for the quarter and up 17.61% for the FYTD. He went over the one (1), three (3) and five (5) year numbers shown on pages 15 through 17. He commented that this is a great period to report on. He reviewed the cash flow shown on page 18. He reported they started on October 1, 2020 with a market value of \$7,056,835 and ended on March 31, 2021 with a market value of \$7,867,095.

6. NEW BUSINESS

None

7. OLD BUSINESS

None

8. CHAIRMAN'S MATTERS

A) Update on E-Verify

Mr. Zokvic said they have letters on file from all their vendors stating their compliance with E-Verify. He is still waiting to find out from the City who is going to be responsible for signing them up. He said they can ask the Finance Director to attend their next meeting to discuss this further.

9. MEMBER'S MATTERS

Mr. Losey thanked everyone for accommodating their schedules and attending this rescheduled meeting.

10. ADJOURNMENT

Today's meeting adjourned at 10:09 a.m.

/hm