

FIRE PENSION BOARD MINUTES
Wednesday, August 17, 2022 – 9:30 a.m.
City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Chairman, Charles Zokvic; Secretary/Treasurer, Henry Losey; Member: Kent Middleton **Also Present:** Sherri Philo, Deputy City Clerk

1. CALL TO ORDER

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

2. AGENDA ADDITIONS, DELETIONS AND ADOPTION

Mr. Zokvic added to today's agenda item 6-B) Discussion of Premium Tax Amount of Money and item 8-A) Discussion of Conference in Orlando.

3. APPROVAL OF MINUTES

A) May 18, 2022 Regular Meeting Minutes

Mr. Losey made a motion to approve the minutes of the May 18, 2022 Fire Pension Board meeting. Mr. Middleton seconded the motion and it passed unanimously.

4. PUBLIC COMMENTS

None

5. QUARTERLY REPORTS

A) Salem Trust

Mrs. Karen Russo, of Salem Trust, referred to the Class Action Report from April 1, 2022 and June 30, 2022 (on file in the City Clerk's office). She reported that there were no complaints to file and no settlements received. She then reported that Ms. Ann Rankin retired and the new Indian River County Benefit Administrator is Ms. Marcela Hoel. She said that they would need to prepare an updated "blanket authorization" letter changing the name of the person authorized to accept deduction changes to Ms. Marcela Hoel.

At this time, the Board went to item 6-A) on today's agenda.

B) Highland Capital Management

*Please note that this item was heard after item 6-A) on today's agenda.

Mr. Todd Wishnia, of Highland Capital Management, said the second quarter was down 16.1%, which marks the worst first have for equities since the 1970's. It declined 21% from its all-time high in early January and it was down 20% at the end of the quarter. He reported that since 1976 there has only been five (5) times where they have seen equities and bonds in the negative. He

then went over their Investment Review Report for the period ending June 30, 2022 with the Board members (on file in the City Clerk's office).

C) AndCo Consulting

Mr. Dave West, of AndCo Consulting, briefly went over the handouts containing Drawdowns of Greater than 5% Since Index Pre-Crisis Peak, Yield Changes and Total Return, Federal Reserve Police – Interest Rate – March 1985 through June, 2022, Inverted Yield Curves and the Stock Market and Market Update – July 31, 2022, with the Board members (on file in the City Clerk's office). He then went over pages 13, 18 and 19 of the Investment Performance Review period ending June 30, 2022 with the Board members (on file in the City Clerk's office). He referred to page 13, Asset Allocation Compliance of the report. He reported that their policy requires that they address the total real estate in that they are in violation of their allocation of their real estate with the appreciation. He noted that they were just marginally over their target for real estate. He would suggest that with the July and August appreciation of equities that the triangle has proportionally moved back in line so he would not recommend that they make any withdraw from the real estate at this time because he felt that it would be self-correcting. He said their action plan would be to revisit this in the next quarter with the expectation that appreciation and other assets would negate that violation and the red would be back in the green.

Mr. Middleton said if they made a change now it and it turns around later they would have to go back again. He said that his opinion is that they don't do anything. The Board members agreed that they would not make any changes and that they would address it again next quarter.

Mr. West said the next step would be the investment of State money. He recommended that they use those funds and place them in the R&D for distributions. He felt this was an opportunity to use those funds to replenish the operating cash balances that they need for Plan operations to pay out the benefits.

Mr. Zokvic said that might have to be put on hold because their Pension Attorney, the City Attorney, and the Finance Director are currently in negotiations.

Mr. West said it would still go into the Plan.

Mr. Zokvic said it still goes into the Plan, but how it is used is in negotiations because of being overfunded.

Mr. West said that was another good reason to have the contribution in cash. He said that he would need a motion directing that the State money contribution be left in cash pending additional direction.

Mr. Zokvic reported that the premium tax went up \$5,626 this year to \$167,178 from \$161,553 last year. He asked Mr. West if he was recommending that they keep it all in cash.

Mr. West answered yes.

Mr. Losey made that in the form of a motion. Mr. Middleton seconded the motion and it passed unanimously.

6. NEW BUSINESS

A) 2022-2023 Annual Budget

Ms. Cindy Lawson, Finance Director, referred to the Firefighter's Relief and Pension Fund DY 22-23 Administrative Expenses Budget (on file in the City Clerk's office). She reported that their Actuarial Services were up a little this year, as well as their legal services. She suggested that the Board considers bumping up the legal services budget.

Mr. Zokvic asked the Board members if they wanted to bump up the legal fees budget from \$7,000 to \$12,000. He said if they bump it up \$5,000 their total administrative expenses would be \$80,000. He didn't think there was anything else that they needed to bump up.

Ms. Lawson said that she did bump up the Actuarial Services by \$2,000.

Ms. Lawson asked the Board if they were okay with adjusting the Legal Services to \$12,000 and having a total budget of \$80,000.

Mr. Losey made that motion (to approve the adjustments to the budget as stated). Mr. Middleton seconded the motion and it passed unanimously.

At this time, the Board went to item 5-B) on today's agenda.

B) Discussion of Premium Tax Amount of Money - add on item

This item was discussed under item 5-C) on today's agenda.

7. OLD BUSINESS

None

8. CHAIRMAN'S MATTERS

A) Conference – add on item

Mr. Zokvic reported that the State Conference will be held from September 26th through September 28, 2022, at the Hilton Double Tree in Orlando. He noted that the information on the Conference can be found on the State's website.

9. MEMBER'S MATTERS

None

10. ADJOURNMENT

Today' meeting adjourned at 10:24 a.m.

/sp