AGENDA
VIRTUAL REGULAR MEETING
CITY OF FERNANDINA BEACH
BOARD OF TRUSTEES
POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLAN
MAY 14, 2020
1:00 PM

This meeting will be held as a VIRTUAL MEETING with board members and City staff participating through video conferencing.

1. CALL MEETING TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF MINUTES

4.1 FEBRUARY 13, 2020 REGULAR MEETING

5. QUARTERLY/ANNUAL REPORTS

5.1 ANDCO CONSULTING QUARTERLY PERFORMANCE EVALUATION REPORT FOR QUARTER ENDING MARCH 31, 2020

6. REPORT FROM BOARD ATTORNEY

7. APPROVAL OF INVOICES ALREADY PAID AS PER AGREEMENT OR CONTRACT

7.1 ANDCO CONSULTING, LLC INV. #34588 - $4,875.00

7.2 SUGARMAN AND SUSSKIND INV. #145931 -- $340.00

7.3 SUGARMAN AND SUSSKIND INV. #146819 -- $1,762.30

7.4 SUGARMAN AND SUSSKIND INV. #147770 -- $680.00

7.5 HIGHLAND CAPITAL MANAGEMENT, LLC INV. #23680 -- $6,899.32

7.6 AGINCOURT CAPITAL MANAGEMENT, LLC INV. #12194 -- $3,786.68

7.7 FIDUCIARY TRUST INTERNATIONAL QUARTERLY FEES -- $2,853.42

7.8 AMERICAN CORE REALTY FUND QUARTERLY FEES -- $7,450.43

8. OLD BUSINESS

9. NEW BUSINESS

10. OTHER BOARD DISCUSSION

11. ADJOURNMENT

Persons with disabilities requiring accommodations in order to participate in this program or activity should contact the City Clerk at (904) 310-3115 or TTY/TDD 711 (for the hearing or speech impaired).

The Board of Trustees of the Police and Fire Pension Plan met on Thursday, February 13, 2020 at 1:00 pm in the City Commission Chambers in City Hall. The following Members were present: Chair Karl Ashley, Walter Sturges, Rusty Burke, and Jim Norman.

3. APPROVAL OF MINUTES FROM NOVEMBER 14, 2019 REGULAR MEETING AND DECEMBER 3, 2019 SPECIAL MEETING: The Minutes of the November 14, 2019 Regular Meeting and the December 3, 2019 Special Meeting were presented for approval. A **motion was made by Member Norman, seconded by Member Burke, to approve the Minutes. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

4. QUARTERLY/ANNUAL REPORTS:

4.1. HIGHLAND CAPITAL QUARTERLY INVESTMENT REPORT FOR QUARTER ENDING DECEMBER 31, 2019: Mr. Steve Stack explained that Highland Capital manages the international as well as large cap value. He stated that part of the challenge you would see in the market and this last year is the continual rally in large cap growth stocks, which they do not partake in. He shared that if you go back to the NASDAQ 52 week high it is the same day as its all time low. February of last year was an all time low and two days ago was the all time high. He stated that the fourth quarter was no exception with regard to a rally over the last ten years, with the S&P up 9% for the quarter bringing it up 31% for the year. He stated that if you look back from the December lows of 2018 it's up about 38% through the end of December. He stated that one of the challenges is where do we go from here? He shared that 2010 to 2020 was the first decade since 1900 with no recession, marking 11 years of economic gains. He shared that there were three negative months last year in the value index and in each of those months they outperformed the index. He stated that it was a little bit of mixed news but they understood why they had underperformed and made necessary adjustments and outperformed the last two quarters of the year. He felt that the current structure of the portfolio, aggressive on the large cap side because some growth is expected in the portfolio as well as the market, is in a good spot.

4.2. ANDCO CONSULTING QUARTERLY INVESTMENT REPORT FOR QUARTER ENDING DECEMBER 31, 2019: Mr. John Thinnes presented several charts, the first handout was data including the calendar year leading up to the election and the year after the election. The chart showed the average return of the election year, +13.36% if the incumbent party won the election and +6.65% of the incumbent party lost the election. The chart also showed the average return of the year after the election, with a +15.54% return if the incumbent party won the election and a +5.76% return if the incumbent party lost the election. The second page of the first handout showed the political landscape of the president and congress with different scenarios showing the possible effect on returns. The first page of the second handout showed the 20 year annualized return for each of several years. It showed that for the long term there was always a positive return, regardless of the good or bad period of time. He shared that no matter when you invested over the past 95 years, if you have the long term, it will be positive. The second page of the second handout shows a chart of the last 12.5 years, color coded for every time there is a 5% pullback in the market. He stated that we are in a much better position now that we were a year ago, with the market being down 20% in December. The next chart shows that over a 12.5 year period, if you bought in October, 2007, and the market was open 3,100 of those days, your annualized return, despite being down 55% in October, would be 8.32% per year. If you miss one of the 5 best days out of 3,100, your annualized return is essentially cut in half. The last chart shows the different asset classes and how they rank since 2005. He then referred to the first of the performance book which was a letter from Mike Welker, the CEO, expressing his thanks to the board for allowing them to serve us. The next page was an organizational chart of the company showing that there are currently eighty-nine employees. He referred to page two which shows international up 9% and emerging markets up 12%. The S&P 500 was up 9% and not much happening with fixed income. Page 9 shows the treasury yield curve with future models showing status quo for the rest of the year. The information is data dependent and could change and adjustments could be made accordingly. Page 11 shows the calendar year end at just under twenty-eight million dollars and as of today the fund is still just under twenty-eight million to end calendar year 2019 which is an all-time high for the portfolio. Page 12 shows the allocation which is within allowable ranges so there is no need to reallocate within asset classes. There was correspondence from the custodian that expressed a need to reallocate cash. Page 18 shows a 6.24% return for the quarter, compared to the negative 8 or 9% this time last year so we are off to a much better start this year, ranking in the fifteenth percentile of thousands of plans. Page 19 shows the managers with the growth managers T. Rowe Price and Primecap outperforming Highland, with Primecap up 12% and T. Rowe Price up over 9%. For international Highland value was up over 9% and Europacific Growth was up over 10%. He stated that for the quarter all of our equity managers both domestic and international performed well within expectations. Page 20 shows Agincourt, the fixed income manager, outperforming the index, and American Core Realty up 1.5% for the quarter with a great experience in the five year numbers. He stated that going forward we could expect a return of 1.5% to 2% per quarter which adds value over fixed income. Overall positive but there could be some turbulence with the markets, up over 6% which is a very good quarter. A **motion was made by Member Burke, seconded by Member Norman, to ask the consultant to work with the custodian to invest the excess cash in accordance with the Investment Policy Statement. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.** He informed the board that their business model charged a flat fee which required an occasional fee increase. He stated that the last time that was done was three years ago and is currently a flat fee of $19,500. He shared that the state now required additional documentation and he asked the board to consider a $3,000 increase guaranteed for three years effective January 1, 2020, which is a total of $22,500. This would remain in effect until 2024. A **motion was made by Member Sturges, seconded by Member Burke, to approve the fee increase as presented. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.**

5. REPORT FROM BOARD ATTORNEY PEDRO HERRERA: Attorney Pedro Herrera inquired if the board had received a copy of their correspondence on the Secure Act, which was included in their packet of information. This act was signed by President Trump as part of the appropriations bill signed this past December and stands for Setting Every Community Up For Retirement. For our purposes the most significant change is the increase to the required minimum distribution age. Previously you were required to take distribution from your retirement account once you reached age 70 ½. This law effective January 1, 2020 increases that age to 72. The only caveat is that you cannot have already turned age 70 ½ by December 31. If you were not age 70 ½ by December 31 then you fall under the new age 72 distribution requirement. If you had already reached age 70 ½ as of the end of the month of December then you still fall under the old requirement to take the money out at age 70 ½. He stated that this would require a minor amendment to the ordinance. He stated that every qualified plan has specific language that is required by the Internal Revenue Code and one of the provisions is the required minimum distribution age. He stated that this would not pose an issue for this plan because of the early retirement age that sworn officers and firefighters have. Even though there is no impact to this plan or day to day operations that section of the code must be updated to comply with the new statutes.

He informed the board that at the last legislative session in Florida they did update the notary law which changed the language in the signature block of the notary stamp. Effective January 1 you must have the new language or the legality of the document could be challenged and the document could be voided. The law has now created a remote notary in which you do not have to be physically present to have a document notarized. There is no action necessary, just information for the board. He stated that there was a recent decision in the courts with respect to the firefighter cancer bill that was effective July 1. He shared information on the case of a firefighter that was diagnosed prior to the July 1 effective date of the bill and was denied. He appealed and it was determined that as long as the other conditions are met the timing of the diagnosis will not disallow the disability filing. He shared information on a new filing in this legislative session, Senate bill 1270, which seeks to codify a new fiduciary duty for public officials, which includes the trustees of this board. It would impose a fiduciary responsibility on the public official to the entity or the sponsoring entity for which they serve. He shared with the board upcoming educational opportunities including the FPPTA annual conference June 29 – July 1 in Orlando and the Division of Retirement School in Tallahassee in May.

6. APPROVAL OF INVOICES ALREADY PAID AS PER AGREEMENT OR CONTRACT: The following invoices were on the agenda for consideration:

6.1.	ANDCO COLSULTING, LLC INV. #33850	$ 4,875.00
6.2.	SUGARMAN & SUSSKIND INV. #143333	$ 765.00
6.3.	SUGARMAN & SUSSKIND INV. #144294	$ 1,351.70
6.4	SUGARMAN & SUSSKIND INV. #145052	$ 340.00
6.5.	HIGHLAND CAPITAL MANAGEMENT, LLC INV. #22510	$ 9,384.60
6.6.	AGINCOURT CAPITAL MANAGEMENT, LLC INV. #11748	$ 3,719.20
6.7.	FIDUCIARY TRUST INTERNATIONAL QUARTERLY FEES	$ 3,469.42
6.8.	AMERICAN CORE REALTY FUND QUARTERLY FEES	$ 7,357.42
6.9	FOSTER & FOSTER INV. #16054	$17,609.00
6.10	FOSTER & FOSTER INV. #16297	$ 3,250.00

A motion was made by Member Burke, seconded by Member Norman, to approve the invoices already paid as per agreement or contract. Vote upon passage of the motion was taken by ayes and nays and being all ayes, carried.

7. APPROVAL OF INVOICES TO BE PAID: The following invoices were on the agenda for consideration:

7.1.	FPPTA ANNUAL MEMBERSHIP	$ 620.00
7.2.	FPPTA TRUSTEE SCHOOL REIMBURSEMENT – W STURGES	$ 1,686.50
7.3	FPPTA TRUSTEE SCHOOL REIMBURSEMENT – J NORMAN	$ 1,247.78
7.4	FPPTA TRUSTEE SCHOOL REIMBURSEMENT – R BURKE	$ 115.83
7.5	FPPTA TRUSTEE SCHOOL REIMB – COFB FOR R BURKE	$ 663.57
7.6	FPPTA TRUSTEE SCHOOL REGISTRATION – R BURKE	$ 720.00

8. OLD BUSINESS:

Chair Ashely referenced a report from Foster & Foster dated February 11, 2020 regarding a request for a cost analysis for a seven and ten year DROP. Member Norman stated that he had forwarded the document to the police union and it was now in their hands.

9. NEW BUSINESS: Member Sturges requested a discussion regarding dropping rate of return from 7.7% to 7.5% based on the rating given by the recently released Leroy Collins report. Attorney Herrera explained that if you look at the actual report you will see that the data points are skewed or biased and was therefore incomplete. There was discussion regarding the report and the inconsistencies in the history of the report.

10. REQUESTS FROM THE PUBLIC TO BE HEARD ON ITEMS NOT ON THE AGENDA: There were no requests to be heard at this time.

11. OTHER BOARD DISCUSSION: Chair Ashley shared with the board that he had been asked by FPPTA to be a moderator at the October trustee school and was looking for ideas to present regarding the City's plan.

12. ADJOURNMENT: There being no further business to come before the Board of Trustees of the Police & Fire Pension Plan the meeting was adjourned at 2:31 pm.

Karl Ashley, Chair

Jim Norman, Secretary

AndCo
PLEASE NOTE OUR TEMPORARY ADDRESS:
201 N. New York Ave.
Suite 300
Winter Park, Fl 32789

Date	Invoice #
3/27/2020	34588

Bill To:
City of Fernandina Beach Police & Firefighters' Pension Plan

Description	Amount
Consulting Services and Performance Evaluation, Billed Quarterly (January, 2020)	1,625.00
Consulting Services and Performance Evaluation, Billed Quarterly (February, 2020)	1,625.00
Consulting Services and Performance Evaluation, Billed Quarterly (March, 2020)	1,625.00

We look forward to continuing to provide 100% independent investment consulting and putting clients first!	**Balance Due**	**$4,875.00**

SUGARMAN & SUSSKIND
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

Robert A. Sugarman
Howard S. Susskind
Kenneth R. Harrison, Sr.
D. Marcus Braswell, Jr.
Pedro A. Herrera
Ivellsse Berio-LeBeau
David E. Robinson

100 Miracle Mile
Suite 300
Coral Gables, Florida 33134
(305) 529-2801
Broward 763-2566
Toll Free 1-800-329-2122
Facsimile (305) 447-8115

February 13, 2020

Fernandina Beach Firefighters' & Police Officers' Pension
Attn: Ms. Teresa Bryan
204 Ash Street
Fernandina Beach, FL 32034

CURRENT FEES:	340.00
CURRENT COSTS:	0.00
PREVIOUS BALANCE:	1,351.70
PAYMENTS RECEIVED:	0.00

TOTAL AMOUNT DUE:	1,691.70

SUGARMAN & SUSSKIND
100 Miracle Mile
Suite 300
Coral Gables, Florida 33134
Telephone: 305-529-2801
Fax: 305-447-8115
www.sugarmansusskind.com

Fernandina Beach Firefighters' & Police Officers' Pension
Attn: Ms. Teresa Bryan
204 Ash Street
Fernandina Beach, FL 32034

February 13, 2020
Invoice # 145931

Client:Matter CD-FBFP:MEET

In Reference To: Meeting

	Amount
Previous balance	$1,351.70
Balance due	$1,351.70

Client:Matter CD-FBFP:MISC

In Reference To: Miscellaneous

	Amount
Previous balance	$340.00
Balance due	$340.00

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March 10, 2020

Fernandina Beach Firefighters' & Police Officers' Pension
Attn: Ms. Teresa Bryan
204 Ash Street
Fernandina Beach, FL 32034

CURRENT FEES:	1,615.00
CURRENT COSTS:	147.30
PREVIOUS BALANCE:	1,351.70
PAYMENTS RECEIVED:	1,351.70-ck#1128461

TOTAL AMOUNT DUE:	1,762.30

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Fernandina Beach Firefighters' & Police Officers' Pension
Attn: Ms. Teresa Bryan
204 Ash Street
Fernandina Beach, FL 32034

March 10, 2020
Invoice # 146819

Client:Matter CD-FBFP:MEET

In Reference To: Meeting

Professional Services

		Hrs/Rate	Amount
2/13/2020	Attend meeting. Prepare for meeting.	2.50 $425.00/hr	$1,062.50
	Travel Time.	2.60 $212.50/hr	$552.50
	For professional services rendered	5.10	$1,615.00
	Additional Charges :		
2/12/2020	Travel Expense - Airfare $302.80, Hotel $234.89 (Hilton Garden), $151.42 (DoubleTree), Auto Rental $144.68 and Parking $50.00 = $883.79/spit between 6 clients = $147.30		$147.30
	Total costs		$147.30
	Total amount of this bill		$1,762.30
	Previous balance		$1,351.70
3/9/2020	Payment - Thank You. Check No. 1128461		($1,351.70)
	Total payments and adjustments		($1,351.70)
	Balance due		$1,762.30

Client:Matter CD-FBFP:MISC

In Reference To: Miscellaneous

		Amount
	Previous balance	$340.00
3/9/2020	Payment - Thank You. Check No. 1128489	($340.00)
	Total payments and adjustments	($340.00)
	Balance due	$0.00

SUGARMAN & SUSSKIND

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April 7, 2020

Fernandina Beach Firefighters' & Police Officers' Pension
Attn: Ms. Teresa Bryan
204 Ash Street
Fernandina Beach, FL 32034

CURRENT FEES:	680.00
CURRENT COSTS:	0.00
PREVIOUS BALANCE:	1,762.30
PAYMENTS RECEIVED:	0.00

TOTAL AMOUNT DUE:	2,442.30

SUGARMAN & SUSSKIND
100 Miracle Mile
Suite 300
Coral Gables, Florida 33134
Telephone: 305-529-2801
Fax: 305-447-8115
www.sugarmansusskind.com

Fernandina Beach Firefighters' & Police Officers' Pension
Attn: Ms. Teresa Bryan
204 Ash Street
Fernandina Beach, FL 32034

April 3, 2020
Invoice # 147770

Client:Matter CD-FBFP:CONS

In Reference To: Consultant Agreement

Professional Services

		Hrs/Rate	Amount
3/3/2020	Review and edit Fee Addendum.	0.80 $425.00/hr	$340.00
	For professional services rendered	0.80	$340.00
	Balance due		$340.00

Client:Matter CD-FBFP:MEET

In Reference To: Meeting

	Amount
Previous balance	$1,762.30
Balance due	$1,762.30

Client:Matter CD-FBFP:MISC

In Reference To: Miscellaneous

Professional Services

		Hrs/Rate	Amount
3/20/2020	Draft. Review and edit Special Report regarding Gov. Executive Order 20-69.	0.80 $425.00/hr	$340.00
	For professional services rendered	0.80	$340.00
	Balance due		$340.00

Highland Capital
MANAGEMENT, LLC

April 4, 2020

Invoice Number: 23680

MANAGEMENT FEE: FERNANDINA BEACH POLICE & FIRE PENSION

3/31/2020 Portfolio Value:		$ 5,520,968.62
Exclude Dividend Accrual		- 1,510.75
Billable Value		$ 5,519,457.87
Quarterly Fee Based On:		
$ 5,519,458 @ 0.50% per annum	$ 6,899.32	
$ 0 @ 0.375% per annum	$ 0.00	
Quarterly Fee:		$ 6,899.32
For the Period 1/1/2020 through 3/31/2020		
	Paid by Debit Direct	($ 0.00)
	Please Remit	$ 6,899.32

Account	Account Value	Quarterly Fee
(fernpf01) FERNANDINA BEACH POLICE & FIRE PENSION VALUE	$ 3,793,337.61	$ 4,741.67
(fernapf4) FERNANDINA BEACH POLICE & FIRE PENSION-ADR	$ 1,726,120.26	$ 2,157.65
Total	$ 5,519,457.87	$ 6,899.32

Wiring Instructions:

First Tennessee Bank

ABA# 084000026

Acct# 22-0001278809

For Credit to: Highland Capital Management, LLC.

Mailing Check:

Highland Capital Management, LLC

6075 Poplar Ave, Suite 703

Memphis, TN 38119

*****Note new checking account number*******

2o Finance 5/8/2020

4/07/2020

INVOICE
#12194

CAPITAL MANAGEMENT, LLC

INVOICE FOR PAYMENT

Ms. Teresa Bryan
City of Fernandina Beach General Employees' Pension Plan
204 Ash Street
Fernandina Beach, FL 32034

COPY SENT TO

Amed Avila

FERNANDINA POLICE AND FIREFIGHTERS' PENSION PLAN

Per Our Investment Management Agreement, the fees to Agincourt Capital Management in payment for investment services rendered from 1/1/2020 - 3/31/2020

MONTHLY MARKET VALUE

FPF - Fernandina Police and Firefighters' Pension Plan \ 450079840		3/31/2020		$6,058,688.71
$6,058,688.71	x	0.2500 %	=	$15,146.72
Total Annual Fee				**$15,146.72**
Total Quarterly Fee Due				**$3,786.68**

PLEASE MAKE PAYMENT TO AGINCOURT CAPITAL MANAGEMENT, WITHIN 30 DAYS:

IF BY ACH
Branch Banking Trust (BBT) 901 East Byrd Street, Richmond, VA 23219
ABA# 021052053 | Account# 72169911 | FBO: Agincourt Capital Management

IF BY WIRE
Previous wire instructions are valid. Please send wire to account ending with #1778. If you need instructions, please call 804-915-1308.

IF BY CHECK
Agincourt Capital Management, LLC
ATTN: Elsie Rose
200 South 10th Street, Suite 800
Richmond, VA 23219

Agincourt's Federal Tax ID: 54-1947440

Please let us know if you would like a copy of our latest SEC Form ADV Part 2, our Code of Ethics or our Privacy Statement.

Fiduciary Trust International

Quarterly Fees for quarter ending March 31, 2020

Police and Fire:		
Account#	**Fee Period**	**Amount**
450079800.1	01/01/2020-03/31/2020	$1,266.02
450079820.1	01/01/2020-03/31/2020	$521.59
450079830.1	01/01/2020-03/31/2020	$237.34
450079840.1	01/01/2020-03/31/2020	$828.47
Total		**$2,853.42**

Investor Summary as of March 31, 2020

City of Fernandina Beach Police Officers' & Firefighters' Pension Plan
Account No. 1322

For the Quarter Ended March 31, 2020

	Date	Transaction	Unit Value	Units	Total
Beginning Net Asset Value	**12/31/19**		**$ 125,693.0496**	**21.2269**	**$ 2,668,067.93**
Contributions	-	$ -	-	-	-
Withdrawals	-	-	-	-	-
Net Income Before Fees		27,084.68			27,084.68
Distributions Declared	03/31/20	26,680.68			
Asset Management Fees		(7,450.43)			(7,450.43)
Available for Reinvestment/Distribution		19,230.25			(19,230.25)
Amount Reinvested	03/31/20	19,230.25	126,376.1550	0.1521	19,230.25
Distribution Payable		-			
Unrealized Gain/(Loss)		14,062.61			14,062.61
Realized Gain/(Loss)		$ 33.56			33.56
Ending Net Asset Value	**03/31/20**		**$ 126,376.1550**	**21.3790**	**$ 2,701,798.35**

Total Number of Units	21.3790
Current Unit Value	$ 126,376.1550
Percentage Interest in the Fund	0.05%

Performance History

Gross of Fees	1Q2020	One-Year	Three-Year*	Five-Year*	Ten-Year*	Since Inception*
Income Return	1.02%	3.94%	3.94%	4.05%	n/a	4.28%
Appreciation Return	0.53%	2.11%	3.41%	4.28%	n/a	4.93%
Total Return	**1.54%**	**6.11%**	**7.44%**	**8.45%**	**n/a**	**9.36%**

Net of Fees	1Q2020	One-Year	Three-Year*	Five-Year*	Ten-Year*	Since Inception*
Income Return	0.74%	2.79%	2.79%	2.90%	n/a	3.12%
Appreciation Return	0.53%	2.11%	3.41%	4.28%	n/a	4.93%
Total Return	**1.26%**	**4.94%**	**6.27%**	**7.26%**	**n/a**	**8.16%**

Inception Date: January 2, 2014

Performance Disclaimer:
The returns above for the Investor's investment in the American Core Realty Fund include leveraged returns before (gross) and after (net) the deduction of investment management fees and may include the reinvestment of some income. The sum of annualized component returns may not equal the total return due to the chain-linking of quarterly returns. American Realty Advisors will supplement this performance information with the distribution of the Fund's full quarterly report within 45 days following the close of the quarter. Past performance is not a guarantee of future results and it is important to understand that investments of the type made by the Fund pose the potential for loss of capital over any time period. Many factors affect fund performance including changes in market conditions and interest rates in response to other economic, political, or financial developments. Investment returns, and the principal value of any investment will fluctuate, so that when an investment is sold, the amount received could be less than what was originally invested. Use of leverage may create additional risks.

*Annualized; Since Inception returns are not reported for periods less than one year.
Returns are not reported on accounts invested less than a full period.

AMERICAN REALTY ADVISORS
INSTITUTIONAL CAPITAL MANAGEMENT

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49th Floor
Los Angeles, CA 90071
213.233.5700

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