

**East Lake Fire Rescue-Pension Fund Quarterly Meeting  
Summary of Minutes July 20, 2022**

**Roll Call:** Mr. Prior called the meeting of the Board of Trustees of the East Lake Fire Rescue Pension Plan to order at 7:30 a.m. at 3375 Tarpon Lake Blvd. Palm Harbor, FL 34685.

**Trustees Present:** Chairman Doug Stryjewski, Michael Handoga, Sharon Bonnem, Scott Papes and Jeff Jackson.

**Others Present:** Attorney Stu Kaufman of Klausner, Kaufman ETAL, John Thinnes of AndCo Consulting, Greg Peters of Dana Investments, former plan member Matthew Doyle and Administrator Pete Prior of Benefits USA, Inc.

**Approval of Minutes**

**April 20, 2022 Meeting**

Chairman Stryjewski asked if there were any changes or corrections to the minutes. Hearing and seeing none, the Chairman said he would entertain a motion. Trustee Handoga moved to approve the minutes as submitted. Trustee Papes seconded the motion and the motion passed.

**Public Comments:** Mr. Doyle was in attendance regarding his pension.

**Unfinished Business:**

No Unfinished Business

**New Business:**

**Proposed Administrative Budget**

Mr. Prior proposed the Administrative Budget of \$136,308 noting that the miscellaneous expenses were listed at \$20,000 just in case anything would happen, there would be cushion. That being said, Trustee Papes moved to approve the budget of \$136,308 as presented and Trustee Bonnem seconded the motion and the motion passed.

**Matthew Doyle (Attorney)**

The Attorney addressed the board on the issue noting that Mr. Doyle's charges were mostly dismissed and that he pled guilty to only one charge. After a brief discussion, the Attorney advised the Board to not move forward on the forfeiture. He noted that Mr. Doyle can receive his contributions and suggested that this item be tabled for a future meeting. Trustee Handoga moved to table the issue and Trustee Bonnem seconded the motion and the motion passed. Trustee Jackson asked what Mr. Doyle wanted to do. Mr. Doyle said he wants to leave the money in the plan until he reaches retirement age which is seven years from now.

**Consent Agenda:**

**For Approval: Warrant #212**

Dana Inv Advisors (Q2-2022 Mgmt. Fee-LC Inv #91532 dated 7/8/2022)	\$9,915.29
Dana Inv Advisors (Q2-2022 Mgmt. Fee-FI Inv #91521 dated 7/8/2022)	\$1,779.85
Salem Trust (Q2-2022 Custodian Fee-Invoice #M25098 dated 7/12/2022)	\$8,079.35
<b>Total</b>	<b>\$19,774.49</b>

**For Ratification: Warrant #210-211**

Benefits USA, Inc. (Flat Monthly Fee for May 2022)	\$1,600.00
Benefits USA, Inc. (Flat Monthly Fee for June 2022)	\$1,600.00
Klausner, Kaufman ETAL (Legal Fees-Invoice #30585 dated 4/30/22)	\$4,110.65

Klausner, Kaufman ETAL (Legal Fees-Invoice #30775 dated 5/31/22)	\$715.50
<b>Total</b>	<b>\$8,026.15</b>

AndCo (Q2-2022 Consulting Fee-Invoice #41422 dated 6/15/2022)	\$5,000.00
Benefits USA, Inc. (Flat Monthly Fee for July 2022)	\$1,600.00
Klausner, Kaufman ETAL (Legal Fees-Invoice #30960 dated 6/30/22)	\$87.50
<b>Total</b>	<b>\$6,687.50</b>

Trustee Handoga moved to approve the consent agenda. Trustee Papes seconded the motion and the motion passed.

**Investment Report: Q/E 06/30/2022****AndCo Consulting**

Mr. Thinnes reported on a letter from the President Mike Welker noting that their firm was rated number one for medium size consulting firms and Mr. Welker is very proud of this achievement. Mr. Thinnes noted that AndCo now has 700 clients nationwide that dominate the Florida market.

Mr. Thinnes reported on the economy noting that the Global economic growth continues to be slow during the quarter as global banks tightened their policies. The Fed raised interest rates twice during the quarter to 1.25% with June's rate increasing to 0.75%; the largest increase since the early 1990's. The labor market is holding a steady rate of 3.6% in June. The housing market slowed down as higher mortgage rates increased pushing buyers out of the market. US equities declined during the quarter as large cap value was the least negative sector returning -12.2%. Mid cap growth was the worst performing asset returning -21.1%. International stocks also struggled during the 2<sup>nd</sup> quarter due to the continued conflict with Ukraine and high inflation drove markets down. The US 10-year treasury bond increased 63 basis points and closed at 2.98%. The S&P 500 returned -16.1%, compared to mid-cap of -16.8% and small cap of -17.2%. The developed markets were negative as the MSCI EAFE index declined -14.5%. Bond market performance was also negative for the quarter due to rising inflation. The Bloomberg Barclay's Aggregate returned -4.7% while the corporate bonds declined -7.3% and US treasury bonds declined -3.7%.

Mr. Thinnes reported on the Fund performance noting that for the quarter the total fund returned -10.79% vs. the fund policy of -10.64%. the equity fund returned -16.70% vs. the equity policy of -15.91%. the domestic equity returned -17.06% vs. the domestic equity policy of -16.70%. Dana equity returned -15.29% vs. the S&P 500 index of -16.10%. Vanguard returned -20.67% vs. the S&P Completion index of -20.68%. American Fund Euro Pacific international equity was down -14.65% vs. the MSCI AC World index of -13.54%. Domestic fixed income declined -3.62% vs. the domestic fixed income policy of -4.69%. Dana fixed income returned -2.47% vs. the Dana fixed policy of -2.93%. Dodge and Cox returned -4.70% vs. the Blmbg US Aggregate index of -4.69%. Intercontinental real estate returned 7.25% vs. the NCREIF index of 4.55%.

**Dana Investments** Mr. Peters provided a brief report on the market and the effects it had on the portfolio. He noted that the Russia/Ukraine conflict added uncertainty on the already existing inflation due to supply chain issues. The 10-year Treasury yield rose steadily ending the quarter at 3.02%. The investment grade corporate bonds doubled for the year to date to over 100 basis points. He further commented on the Fed interest rate increases noting that it was the largest increase since the early 1990's and that the Fed recently increased the rate by 75 basis points and will increase it again in September. Mr. Peters reported that they have already made some changes to the portfolio both in Q1 & Q2.

At a high level they reduced their cyclical exposure and have added some more defensive stocks to the portfolio. In Q1, they sold Deckers Outdoor Corporation and Fortune Brands Home & Security and they bought Iron Mountain and Raytheon Technologies and for Q2 they sold GM & Target and bought Vail Resorts and Ovitiv. The Chairman asked Greg how they plan to deal with a recession, if that were to happen. If we do enter a recession, the attractive valuations of the stocks we hold should in theory hold up better than the more expensive names in the benchmark. They look at historical performance of the strategy where they isolate up markets and down markets and they typically perform better in a down market.

The Chairman asked Mr. Thinnes if he has any questions or comments for Mr. Peters. Mr. Thinnes noted that Dana is doing what they were hired to do, which is to be more defensive. Mr. Thinnes also noted that their portfolio is less expensive than the market, which is good. They also have higher quality stocks at a cheaper price. Mr. Thinnes stated that the Dana has 31% of the portfolio and that they may have to look at that with this market and talk about diversifying the portfolio in the future. He noted that the loss for the year will probably be between 10-13% and fortunately, the Fund earned 21% last year so that will be smoothed into the calculation for the final rate of return.

Mr. Thinnes noted that he brought an international and value manager search with him to this meeting and that he will be happy to review the search with them. Mr. Thinnes concentrated his remarks on JP Morgan and Parnassus noting that he did provide four firms to discuss but he will only speak about the two that he just mentioned unless someone has a question about them. After the brief review, the board discussed this issue at length as to who to select and as to how much to pull from Dana. Trustee Papes noted he is a fan of Dana and that the Board should do what they need to do but suggested not taking too much from Dana as he believes that they will outperform in the future. That being said, Trustee Papes moved to retain Parnassus as the core manager for the portfolio with one third of the funding coming from the Dana equity. Trustee Handoga seconded the motion and the motion passed. Trustee Handoga moved to retain Pear Tree and TransAmerica as the international managers and funded with one half of the Euro Pacific portfolio. Trustee Papes seconded the motion and the motion passed.

#### **AndCo Fee Increase proposal**

Mr. Thinnes also reviewed a request for a fee increase noting that the Fund is currently paying \$20,000 and is requesting an increase to \$22,500 which will be guaranteed for three years. Trustee Papes moved to approve the fee increase. Trustee Bonnem seconded the motion and the motion passed.

#### **Miscellaneous Correspondence**

No Action Required

#### **REPORTS:**

##### **Attorney:**

##### **Administrator:**

Mr. Prior reported that FPPTA was holding their Trustees School on October 2-5 and anyone wishing to attend should contact the office.

##### **TMI/Salem**

##### **Trustees**

Trustee Papes noted that this would be his last meeting and said that he was happy to serve on this Board. He wished the Board members well and thanked them for the opportunity to serve.

**NEXT MEETING DATE:**

Mr. Prior reported that the next meeting is October 19, 2022 @ 7:30am

**ADJOURNMENT:**

Trustee Handoga moved to adjourn and Trustee Papes seconded the motion. The meeting was adjourned at 9:40 a.m.

  
Secretary