



STAMFORD FIREFIGHTERS PENSION FUND

City of Stamford, CT

**Chairman Michael Golden
James R. Fountain
Richard Freedman
Gerald J. Kutz
Michael Gallas**

Meeting purpose: Regular Meeting

June 1, 2020 1200

A Regular meeting of the Stamford Firefighters Pension Fund was held at 1200 on Monday June 1st via Zoom video conference due to the Covid 19 Pandemic.

Present at the meeting were: Chairman Michael Golden, Trustee Richard Freedman, Trustee Michael Gallas and Trustee Gerald Kutz. Absent: Trustee James Fountain. Guests included: City alternate Michael Gold, Union alternates Deputy Chief Matthew Palmer and Firefighter Riis Lane, Union President David Davis, Fund Advisor John Oliver Beirne of Beirne Wealth Consulting, Fund Advisor Associate Taylor Garguilo of Beirne Wealth Consulting, Fund Managers Brian Gevry of Boyd Watterson Asset Management; Jon Savitz, Christina Walsh and Joe Marconi of Greywolf Capital Management.

The meeting was called to order at 1215 by Chairman Golden. Trustee's Freedman and Kutz had some technical difficulties connecting to the meeting.

Chairman Golden introduced himself and asked everyone on the teleconference to introduce themselves and their role as it relates to the Stamford Firefighters Pension Fund.

Public Comment

None

Investment Update

Beirne Wealth Consulting

Fund Advisor Beirne gave an update of the current status of the pension assets. After the tremendous market volatility of the last 60-90 days, the pension fund assets stand at approximately \$140.6 million with most alternative assets priced effective 3/31/20.

Michael Gold asked about the approximately 11% cash position. Beirne replied that most of that was invested in government securities, however they are not ready to reinvest it yet. Gold asked if Beirne had a strategy for the redeployment of the cash. Beirne replied that the recovery, although strong so far, lacks the support of the small and mid-cap stocks. They want to see a broader improvement before redeploying those assets.

Mike Gold asked about the date that the \$9m of alternatives were priced at. Beirne replied that it was all priced at March 31, 2020.

Chairman Golden indicate to Fund Advisor Beirne that we would like a review of how funds are proposed to the board and the due diligence that is undertaken to ensure the potential investment is consistent with our investment policy. It was suggested that we review the decision making process around the Zephyr Peacock India fund investments.

Approval of Previous Minutes

Trustee Kutz distributed the minutes of the May 4, 2020 regular board meeting.

A **MOTION** was made by Trustee Gallas and seconded by Trustee Kutz at 1235 to approve the minutes of the May board meeting. Motion **PASSED** all in favor, trustee Fountain absent.

Invoice(s)

The following invoice(s) was/were presented to the board for payment:

City of Stamford	\$1617.43	Payroll Processing
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A **MOTION** was made by Trustee Kutz and seconded by Trustee Gallas at 1237 to pay the above listed invoice(s). Motion **PASSED** all in favor, trustee Fountain absent.

Resolutions for Pension

Trustee Kutz presented the retirement package of a Deputy Fire Marshal. Chairman Golden distributed the financials of the retirement to the board ahead of the meeting. The financial were signed off by the actuary (Milliman).

A **MOTION** was made by Trustee Kutz and seconded by Trustee Gallas at 1243 to execute the Regular Retirement Resolution of a Deputy Fire Marshal effective May 11, 2020. Motion **PASSED** all in favor, Trustee Fountain absent.

Correspondence

None

Advent Accounting

Fund Advisor Richard (JR) DeFrancesco presented the change. The fund used to use Advent to perform a great deal of the reporting, accounting and reconciliation for the fund. Advent recently announced that they will be shutting down this function. The Fund's accountant, Dino Reda of Van Brunt, DuBiago and Co., has been engaged in this process and has provided Beirne with their comments.

Beirne Wealth Management had decided to begin offering these services to their clients and will assume the responsibility for the Stamford Firefighters Fund.

Trustee Kutz asked DeFrancesco if the same checks and balances will be in place after the move has taken place. DeFrancesco replied that often times, Beirne Wealth is correcting the numbers that Advent produces, thus they have all the internal processes to handle the new role.

Chairman Golden commented that after several discussions with JR, he believes this will streamline the solution.

Fund Investment Policy

Trustee Kutz reviewed the progress made since last meeting on the Investment Policy. A copy of the proposed policy was distributed to all interested parties including the board. Mike Gold stated that he had some suggested changes to the document and it was determined that in the interests of time these would be taken off-line. Trustee Kutz will work with Mike Gold over the next week and get his suggestions incorporated. Once updated, Kutz will distribute the document to the board for approval of the changes at the July Meeting.

Fund Manager Presentations

Boyd Watterson

Brian Gevry, Chief Executive Officer, Chief Investment Officer presented for Boyd Watterson GSA Fund. The fund invests in commercial real estate used by government entities and rents the space primarily to the federal government. They are diversified across the USA and the portfolio of current properties are 85% Federal and 15% Local and State. The average lease renewals are 5 – 15 year with most being 10 years. The average of the property in the portfolio is 6.8 years from lease renewal. Boyd Watterson carries the properties with 60 plus % in equity and approximately 33% in debt.

Gevry was very proud of the \$425m line of credit which was renewed by the banks at the height of the Covid 19 Pandemic. The renewal is a testament to the strength of the portfolio of properties. Boyd Watterson is producing a white paper on the effects of Covid 19 on the broader real estate markets. This will be made available to their investors soon.

Gevry discussed the effects of “Teleworking” on the portfolio. He stated that teleworking was already pervasive across the government agencies prior to the Covid 19 Pandemic. He stated that the effects were minimal on the properties that Boyd Watterson owns.

Chairman Golden asked Gevry if other investors in the fund looked like the Stamford Firefighters Pension Fund. Gevry responded that they have very few individual investors because the fund is not very tax efficient. They have many large union funds and also have the Clark County Firefighters outside of Las Vegas.

Mike Gold asked if there were special security issues because many of Boyd's tenants were federal entities? The answer included many factors:

- Some buildings require a high level of security which is provided directly by the tenant or a combination of the military and the tenant.
- Overall expenses have gone down due to the Covid Pandemic
- Boyd Watterson carries Terrorist Insurance
- Boyd Watterson expects that new standards for cleaning will become part of lease renewals and has plans in place as standards are developed and change.

Chairman Golden asked about the fee structure for the fund. Gevry responded that the fee structure is very simple at 1.25% with admin and audit fees charged directly to the fund. He stated that all performance numbers are reported net of fees.

Gray Wolf Capital Management

Jon Savitz, Christina Walsh and Joe Marconi presented for Greywolf Capital Management. The fund invests in Greywolf through the EnTrust Structured Income Fund and the EnTrust Structured Income IIa Fund. Grey Wolf invest primarily in CLO (Collateralized Loan Obligation) Debt. They explained that they produce approximately 7.9% annualized return net of fee's. This has been very consistent over time. However, Joe Marconi explained that because of the credit crash due to Covid 19, they were down 12% in March alone. The broader CLO market is down 40-60% since the beginning of the Covid Pandemic. He also stated that since there was no trades, these numbers are based widely on assumption. In the two funds, they have returned 76 basis points on the original commitment to the investors.

Marconi went on to explain that because there are no margin calls in the CLO space because they are long term structured deals, Greywolf was not forced to sell anything to raise capital. They were able to take advantage of the low prices to trade assets and improve positions.

Marconi explained that the value was still in the assets and that the March number is simply a data point that is not representative of the value in the assets. Greywolf sees many opportunities in the distressed debt space, which is a strength of Greywolf. Chairman Golden did ask the Greywolf team to clarify why their YTD performance is at approximately -30% compared to the overall fixed income class performance of approximately -10%. Greywolf did offer to provide a more detailed review of the fund and performance at a later date. Beirne Wealth Management will organize a call for interested Board Members.

Liability Insurance

Colin David, the Fund's insurance broker from AJ Gallagher & Co. presented an overview of the Management Liability Policy. He reviewed the process of procuring the policy and what is covered. He reviewed the requirements of the policy and the requirements for automatic renewal of the policy.

He explained that the policy has a \$10,000 deductible and due to the ERISA Exclusion, trustees could be personally liable for breaching their fiduciary liability to the Fund. This fact necessitates the insurance and the policy that we have is good coverage.

He reminded us to make sure we report potential claims or incidents that may give rise to a claim to our Broker and our insurer, Chubb immediately. Also, we are to report an annual fund performance report and a current list of Fund fiduciaries.

Chairman Golden asked how the City Indemnification affects the policy and the need for the policy. David indicated that he was not aware that the Board members are indemnified by the City and explained that the insurance policy is still needed and although the indemnification is there, sometimes personal assets are not protected. This policy also allows the fiduciaries to retain their own legal help if needed. Chairman Golden advised David that the board would provide him with our latest fund performance reports, a current list of members and the relevant section of the Pension Trust Agreement that addresses indemnification.

The board will stay in touch with Colin as we move forward in renewal process. He recommended that we do not switch providers too soon, since there is a fairly limited market for this coverage and the importance of building a relationship with our insurer. He feels that this will make for a better policy and metrics in the future.

New Business

Trustee Kutz did ask Chairman Golden to work with our City representatives to encourage them allow sufficient time in their schedules to attend our meetings to conclusion. It is recognized that the City representative Trustees are both playing vital and highly visibly roles in setting the City's operating budget and due to the current environment, the demands on their time have been substantial. Chairman Golden will speak with the City Representative Trustees about this matter.

Next Meeting

The next **Regular** meeting will be scheduled for **Monday June 6th, 2020 at 1200** in the Commissioner's Conference Room at Fire Headquarters or via teleconference. The agenda will be determined as more information is discovered about the pandemic. An announcement will follow with information regarding the meeting. The following items may be on the agenda:

- Investment Policy
- Pension Trust Agreement
- Medicare Reimbursement

- Pension Statements
- Comptroller Role
- Beirne Wealth Consulting will bring 2 fund managers for their annual review

Adjournment

A **MOTION** was made by Chairman Golden and seconded by Trustee Kutz at 1459 to adjourn the meeting. Motion **PASSED** all in favor, trustees Fountain and Freedman absent.

DRAFT