

# MINUTES

## LAREDO FIREFIGHTERS' RETIREMENT SYSTEM REGULAR MEETING June 17, 2020

The Laredo Firefighters' Retirement System Board met on June 17, 2020 at 12:00 p.m., at 5219 Tesoro Plaza Drive, Laredo, Texas. Board members present Alberto Chapa Chairman, John Hourigan Vice Chairman, Louis P. Vaillancourt Trustee and Norberto Gonzalez Trustee also present Jaime Jasso Pension Administrator, Investment Advisor Mr. Alan Bergin CFA from Fund Evaluation Group, Mr. Connor Dervin from Fund Evaluation Group, Oscar Delgado Firefighter, Not Present Oscar Lopez Trustee and Jesus Esparza Secretary

A motion was made by Louis P. Vaillancourt second by John Hourigan to accept the minutes dated May 28, 2020 Regular Board Meeting. The Motion Passed.

Public comments: None

Communication: Laredo Firefighters Retirement System Fund Market Value as of June 16th, 2020 **158.8 million**

### **Motions:**

A motion was made by Louis P. Vaillancourt second by Norberto Gonzalez to approve Disbursements presented for the month of May 2020. The Motion Passed.

A motion was made by John Hourigan second by Norberto Gonzalez to approve the Financials for the month of May 2020. The Motion Passed.

A motion was made by Norberto Gonzalez second by Louis P. Vaillancourt to table Special Studies for Benefits & Contributions Changes by Rudd and Wisdom, Inc Consulting Actuaries. The Motion Passed

A motion was made by John Hourigan and second by Norberto Gonzalez to table the Language for Delay in RETRO DROP Distributions by Rudd and Wisdom, Inc Consulting Actuaries and Martin & Drought, P.C. (Attorney). The Motion Passed.

### **FEG Investment Advisors – Memorandum International Equity Recommendations**

#### **Background:**

The Laredo Firefighters investment portfolio has 12% allocated to developed market international equity and 10% allocated to emerging markets equity. Only two investment managers manage this allocation (Artisan for developed markets and DFA for emerging markets). This compares to the six managers who collectively manage the 33% allocation to U.S. equity. The international equity manager concentration exposes the fund to manager specific risk. This has worked in the fund's favor in the case of Artisan, which has outperformed the MSCI EAFE Index, but worked against the fund in the case of DFA, which has underperformed the MSCI Emerging Markets Index. FEG recommends the addition of two new managers in developed/global international equity and two new managers in emerging markets equity.

#### **Developed International Equity**

To complement Artisan, FEG recommends new allocations to the AKO Global Long Only Fund and the Dodge & Cox International Equity Fund. AKO is a fund with a similar pedigree to Steadfast, which will be added to the portfolio on July 1. AKO is a global long/short equity hedge fund founded in 2005 that launched a long only fund in early 2016. AKO's long only fund is a global fund that invests about 50%-60% of its assets in the U.S. and the remainder outside the U.S. Given this, FEG recommends it be funded from both the Fidelity 500 Index Fund and a reduction in Artisan. Dodge & Cox was founded in 1930 and has established itself as greatly admired "value" equity manager. The Dodge & Cox International Equity Fund was created in 2001 to apply their value stock selection process to non-U.S. markets. Being a value manager, Dodge & Cox would complement the "growth" leaning Artisan.

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**A motion was made by Louis P. Vaillancourt and second by Norberto Gonzalez to Sell from the LFFRS Fund (\$2,400,000) which is partial of the \$24,715,336 held by Fidelity 500 Index Fund (Large Cap Equity Composite) and Sell from the LFFRS Fund (\$10,600,000) which is partial of the \$18,731,770 held by Artisan International Equity Fund. Then, from the proceeds of the Sell, invest (\$4,800,000) with AKO Global Long Only Fund and Buy (\$8,200,000) with Dodge & Cox International Equity Fund as a FEG's recommendation. The Motion Passed (Agenda Item E.)**

**A motion was made by Louis P. Vaillancourt and second by Norberto Gonzalez to Sell from the LFFRS Fund (\$6,562,889) which is 50% of the \$13,125,779 held by DFA Emerging Markets Value Fund (International Equity Composite). Invest the Sell proceeds with RWC Emerging Markets Fund (\$6,562,889) as a FEG's recommendation. The Motion Passed (Agenda Item E.)**

Presentation:

**Adjournment:**

A motion was made by Louis P. Vaillancourt and second by Norberto Gonzalez to adjourn the meeting. The motion passed. The meeting adjourned at 2:00 p.m.

**GRANTED AND RECORDED in the minutes of the Board of Trustees of Laredo, Texas on the \_\_\_\_\_ day of \_\_\_\_\_, 2020.**

\_\_\_\_\_  
**Trustee**

\_\_\_\_\_  
**Trustee**

**THESE MINUTES ARE SUBJECT TO APPROVAL OF THE BOARD OF TRUSTEES AT OUR NEXT BOARD MEETING**