CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

902ND BOARD OF TRUSTEES MEETING

AUGUST 16, 2018

COPIES OF MINUTES ARE BEING PROVIDED WITHOUT ATTACHMENTS.

ALL ATTACHMENTS ARE AVAILABLE FOR REVIEW AT THE FIRE & POLICE PENSION OFFICE

902ND MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH

August 16, 2018

CALL TO ORDER

Meeting was called to order at 8:31 AM by Chairman Nolan.

Board members present were as follows:

FIRE DEPARTMENT	*POLICE DEPARTMENT*	*ADMINISTRATION*
David J. Frazier, Jr.	*Eric M. Garcia*	*Hernan D. Cardeno*
Paul D. Johnson	*James D. Nolan*	*John E. Rebar*
Dwight M. Nicholas	*Elise Spina Taylor*	*Debora J. Turner*

Present were:

Stuart A. Kaufman, Esq.	*- Attorney, Klausner, Kaufman, Jensen & Levinson*
Donna Brito	*- Executive Director*
Myriame Jean-Baptiste	*- Pension Administrator*
Clara La Rosa	*- Office Manager*

Also present were:

Timothy Ghriskey	*- Chief Investment Strategist, Inverness Counsel*
Robert K. Maddock	*- Senior Vice President, Inverness Counsel*
John McCann	*- Senior Consultant, AndCo Consulting*
Brendon Vavrica	*- Consultant, AndCo Consulting*

MINUTES – July 19, 2018 - Regular Meeting of the Board of Trustees

Minutes from the regular board meeting were distributed as part of the agenda packet. Secretary Frazier made a motion to approve the minutes. The motion was seconded by Chairman Nolan and unanimously carried.

Trustee Nicholas arrived at 8:33 AM.

RETROACTIVE PENSION CHANGES

Fire Captain Charlton Price's pension was recalculated to include a retroactive payroll adjustment dating back to July 2018, which affected his pension computation. His new monthly pension as of August 2018 has been reduced by $8.90. In addition, a retroactive reduction of $8.90 will be processed to cover the period of July 2018.

Secretary Frazier made a motion to approve the revised pension and retroactive adjustment for Captain Price. The motion was seconded by Trustee Spina Taylor and unanimously carried. (Attachment #1-1 Schedule A)

EMPLOYEE CONTRIBUTION STOPPED AUGUST 1, 2018

Police Division Major Samir Guerrero had 22 years and 7 months of pension service time and purchased the 3% multiplier and 3 years of pre-employment military time. Major Guerrero reached the 85% maximum pension benefit on August 1, 2018. His employee contribution shall cease and his final average monthly salary will be frozen in accordance with the Miami Beach Code, Section 66(4). Major Guerrero will meet the eligibility for retirement by Tier 1, Rule of 70 and attainment of at least age 47 on October 28, 2018.

Trustee Garcia made a motion to stop Major Guerrero's employee contribution and freeze his final average monthly salary effective August 1, 2018. The motion was seconded by Trustee Spina Taylor and unanimously carried.

DEFERRED RETIREMENT OPTION PLAN (DROP)

Police Officer Alfredo S. Alvarez retired under the DROP program effective August 1, 2018, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Alvarez had 22 years and 7 months of pension service time and met the eligibility for retirement by Tier 1, Rule of 70 and attainment of at least age 47. In addition, Officer Alvarez purchased the 6% multiplier and 2 years of pre-employment public safety service.

Police Lieutenant Hyok Chong retired under the DROP program effective August 1, 2018, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Lieutenant Chong had 21 years of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Lieutenant Chong purchased the 6% multiplier.

Trustee Garcia made a motion to approve the pension service retirement for Officer Alvarez and Lieutenant Chong and grant entry into the Deferred Retirement Option Plan (DROP). The motion was seconded by Chairman Nolan and unanimously carried. (Attachment #1-1 Schedule A)

COMMENCEMENT OF MONTHLY PENSION

Police Lieutenant Eugenio Rodriguez, retired under the DROP program, resigned from City employment effective July 31, 2018, and is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Firefighter Joseph Taylor, retired under the DROP program, resigned from City employment effective July 18, 2018, and is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Officer Gary B. Aime, retired under the DROP program, resigned from City employment effective July 2, 2018, and is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Firefighter Carlos A. Alonso, retired under the DROP program, resigned from City employment effective July 23, 2018, and is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Trustee Nicholas made a motion to approve the commencement of pension for Lieutenant Rodriguez, Firefighter Taylor, Officer Aime and Firefighter Alonso. The motion was seconded by Secretary Frazier and unanimously carried. (Attachment #1-1 Schedule A)

FINANCIAL REPORT FOR AUGUST 2018

The Financial Warrants were distributed by Director Brito.

The Director advised that beginning September 1, 2018, she will be receiving medical benefits through the City of Miami Beach.

Secretary Frazier made a motion to accept the Financial Warrants as presented. The motion was seconded by Trustee Rebar and unanimously carried. (Attachment #1)

Trustee Johnson arrived at 8:41 AM.

COUNSEL

Director Brito introduced Stuart A. Kaufman, Attorney with KKJL. Attorney Kaufman advised that Attorney Paul Daragjati will be leaving the firm in September and either he or Robert Klausner will be providing legal counsel to the Board. Together they have over 60 years of combined experience representing public pension funds and he expects a seamless transition.

Attorney Kaufman remarked that he and the Director are working to resolve several issues relating to the Nationwide enrollment documents. In addition, he is working with BDO to finalize an acceptable engagement letter.

Cypen & Cypen Newsletters:

1. *July 5, 2018*
2. *July 12, 2018*
3. *July 12, 2018 (Special Edition)*
4. *July 19, 2018*
5. *July 26, 2018*
6. *August 2, 2018*

ROBERT K. MADDOCK – SENIOR VICE PRESIDENT
TIMOTHY GHRISKEY – CHIEF INVESTMENT STRATEGIST
INVERNESS COUNSEL

Portfolio Review

Mr. Maddock and Mr. Ghriskey reviewed in detail the Investment Commentary of the Fire and Police Pension Large Cap Core and Fixed Income portfolio as of June 30, 2018.

JOHN MCCANN – SENIOR CONSULTANT
BRENDON VAVRICA – CONSULTANT
ANDCO CONSULTING

Mr. Vavrica provided the Investment Performance Review for the period ending June 30, 2018. In summary, the Fund's total fiscal year to date net return is 5.65% (October 1, 2017, through June 30, 2018).

Investment Performance Review

Inverness Counsel

During the period beginning 01/01/00 and ending 6/30/18, the equity portion of the fund had an annualized return from inception of 6.50% compared to the S&P 500 Index of 5.40%. During the period beginning 10/01/90 and ending 6/30/18, the fixed income portion of the fund had an annualized return from inception of 6.06% compared to the ½ BCGC and ½ BCGCI Index of 5.65%. As of 6/30/18, the ending value of the Inverness portfolio was $204,920,677 in equities, $237,279,505 in fixed income and $9,514,343 in cash equivalent.

Wellington Mgmt. Company Small Cap – Period beginning 07/01/99 and ending 6/30/18

Wellington equity had an annualized return from inception of 11.89% compared to the Russell 2000 Index of 8.39%. As of 6/30/18, the ending value of the Wellington portfolio was $106,657,007.

Logan Capital Management Large Cap Growth – Period beginning 04/01/07 and ending 6/30/18

Logan equity had an annualized return from inception of 9.84% compared to the Russell 1000 Growth Index of 10.49%. As of 6/30/18, the ending value of the Logan portfolio including $552,474 in cash equivalent was $49,915,077.

RhumbLine Advisers Large Cap Value – Period beginning 01/01/17 and ending 6/30/18

RhumbLine equity index fund had an annualized return from inception of 7.63% compared to the Russell 1000 Value Index of 7.68%. As of 6/30/18, the ending value of the RhumbLine portfolio was $51,405,752.

RhumbLine Advisers Mid Cap – Period beginning 07/01/97 and ending 6/30/18

RhumbLine equity index fund had an annualized return from inception of 11.07% compared to the S&P Midcap 400 Index of 11.06%. As of 6/30/18, the ending value of the RhumbLine portfolio including $171,591 in cash equivalent was $72,746,264.

RhumbLine Advisers International Equity – Period beginning 01/01/16 and ending 6/30/18

RhumbLine international equity index fund had an annualized return from inception of 8.75% compared to the MSCI EAFE Index of 9.16%. As of 6/30/18, the ending value of the RhumbLine portfolio was $35,630,876.

JP Morgan Asset Management Real Estate – Period beginning 10/01/2007 and ending 6/30/18

J.P. Morgan real estate had an annualized return from inception of 5.62% compared to the NCREIF Property Index of 6.30%. As of 6/30/18, the ending value of the JP Morgan portfolio was $44,909,966.

Wells Capital Management International Bonds – Period beginning 10/01/11 and ending 6/30/18

Wells international bonds had an annualized return from inception of -0.16% compared to the FTSE Non-USD World Government Bond Index of -0.20%. As of 6/30/18, the ending value of the Wells portfolio including $46 in cash equivalent was $32,857,584.

Intercontinental Real Estate Corp. – Period beginning 04/01/2018 and ending 6/30/18

Intercontinental real estate had an annualized return from inception of 2.75% compared to the NCREIF Property Index of 2.10%. As of 6/30/18, the ending value of the Intercontinental portfolio was $41,101,027.

TOTAL FUND – Inverness / Wellington / Logan / RhumbLine / JP Morgan / Wells

As of 6/30/18, the ending value of the Fund was $886,938,078. Of the $886,938,078 the Cash Equivalent portion of the Fund was 1.15% or $10,238,454. The results for the 12-month period ending 6/30/18, show that the Fund's return of 8.90%, after investment expenses, outperformed the benchmark indices of 8.14%. During this 12-month period, Inverness equity significantly outperformed the S&P 500 Index, Wellington underperformed the Russell 2000 Index, Logan significantly outperformed the Russell 1000 Growth Index, RhumbLine slightly underperformed the S&P Mid Cap 400 Index, RhumbLine slightly underperformed the Russell 1000 Value Index, RhumbLine significantly underperformed the MSCI EAFE Index, JP Morgan underperformed the NCREIF Property Index. On the fixed income side, Wells significantly underperformed the FTSE Non-USD World Government Bond Index and Inverness outperformed the Index composed of ½ BCGC and ½ BCGCI.

Quarterly DROP Review

Mr. McCann provided a review of the DROP investment options for the period ending June 30, 2018, and indicated that most investment options are doing fine and that no changes are recommended at this time.

Mr. McCann advised that Nationwide has replaced the Waddell & Reed High Yield Bonds (WYHIX) with the Lord Abbett High Yield R5 (LHYTX).

JPMCB Strategic Property Fund, Third Amendment to the Declaration of Trust
JPMCB Strategic Property Fund, Fourth Amendment to the Declaration of Trust

Attorney Kaufman advised that the amendments have been reviewed and the Strategic Property Fund is being opened up to endowments, foundations and high net worth individuals to raise additional capital that allows further diversification of the product. He has no problem with this from a legal perspective.

Mr. Vavrica commented that he has seen this strategy utilized across the industry within the past 12 months. AndCo is comfortable that this is a positive change for the Fund.

Secretary Frazier made a motion to authorize the Chairman to execute the consents to the third and fourth amendments to the JP Morgan Strategic Property Fund. The motion was seconded by Trustee Turner and unanimously carried. (Attachments #2 and #3)

PROPOSED ADMINISTRATIVE BUDGET 10/01/18 – 09/30/19

The Director presented the Board with the Proposed Administrative Budget for Fiscal Year 10/01/18 – 09/30/19. (Attachment #4)

Director Brito discussed the budget in detail.

Secretary Frazier made a motion to approve the proposed administrative budget for 2018-2019. The motion was seconded by Chairman Nolan and unanimously carried.

DIRECTOR'S REPORT

Memorandum dated July 31, 2018, from the State approving the 2017 Annual Report for the Miami Beach Police Officers' and Firefighters' Pension Fund, and response to requested additional information

Director Brito provided memorandum dated July 31, 2018, from the Office of Municipal Police Officers' and Firefighters' Retirement Trust Funds, Division of Retirement, confirming that the 2017 Annual Report for the Miami Beach Police Officers' & Firefighters' Pension Fund was reviewed and approved. In addition, Director Brito provided her response to the additional information requested by the State. (Attachment #5)

For the Board's information, the following items were distributed as either part of the agenda or meeting packet:

A. *FPPTA Fall Trustee School, September 30 – October 3, 2018, Hyatt Coconut Point, Bonita Springs, Florida*
B. *Administrative Budget*

OTHER BUSINESS

Trustee Garcia requested an updated schedule of actual investment fees. He would like to build some type of performance metric into the fees to make sure that the Fund is getting the appropriate value for the fees charged. The Director agreed to provide an updated schedule at the end of the fiscal year. In addition, Mr. Vavrica advised that AndCo could add manager fees to their quarterly Investment Performance Review.

ADJOURNMENT

Trustee Cardeno made a motion to adjourn the meeting. The motion was seconded by Secretary Frazier and unanimously carried. The meeting was adjourned at 9:41 AM.

James D. Nolan, Chairman

David J. Frazier, Jr., Secretary