

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

921ST BOARD OF TRUSTEES MEETING

April 16, 2020

***COPIES OF MINUTES ARE BEING
PROVIDED WITHOUT ATTACHMENTS.***

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

**921ST MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

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CALL TO ORDER

Meeting was called to order at 8:30 AM by Chairman Frazier.

Board members present via telephonic conference, as permitted by Governor DeSantis' Executive Order 20-69, were as follows:

FIRE DEPARTMENT

David J. Frazier, Jr.
Paul D. Johnson
Dwight M. Nicholas

POLICE DEPARTMENT

Eric M. Garcia
James D. Nolan
Elise Spina Taylor

ADMINISTRATION

Herman D. Cardeno
Eric T. Carpenter
Tameka Otto Stewart

Present were:

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

Also present were:

Michael R. Alvarez	- Retired Fire Lieutenant, City of Miami Beach
Shelly Jones	- Consultant and Actuary, Gabriel Roeder Smith & Company
Nicolas Lahaye	- Consultant and Actuary, Gabriel Roeder Smith & Company
John McCann	- Senior Consultant, AndCo Consulting
Kevin J. Millan	- President, Fraternal Order of Police, City of Miami Beach

MINUTES

Regular Meeting of the Board of Trustees – February 20, 2020

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

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

Lieutenant of Police Elise Spina Taylor retired under the DROP program effective March 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Lieutenant Taylor had 24 years and 1 month 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, Lieutenant Taylor purchased the 6% multiplier.

Trustee Nolan made a motion to approve the pension service retirement for Lieutenant Taylor and grant entry into the Deferred Retirement Option Plan (DROP). For the record, it is noted that Lieutenant Taylor abstained from the vote in compliance with Section 112.3143, Florida Statutes. Lieutenant Taylor has filed "Form 8B Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers". The motion was seconded by Secretary Garcia and unanimously carried. (Attachment #1-1 Schedule A)

Police Officer Cloris L. Vazquez retired under the DROP program effective March 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Vazquez 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.

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Police Officer Mario A. Victores retired under the DROP program effective March 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Victores had 16 years and 6 months of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Officer Victores purchased the 6% multiplier.

Fire Lieutenant Christopher T. Cash retired under the DROP program effective April 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Lieutenant Cash had 20 years and 9 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, Lieutenant Cash purchased the 6% multiplier.

Police Officer Rodney M. McCaskill retired under the DROP program effective April 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer McCaskill had 13 years 3 months of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50.

Police Captain Daniel E. Morgalo retired under the DROP program effective April 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Captain Morgalo had 20 years and 4 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, Captain Morgalo purchased the 6% multiplier and 2 years of pre-employment public safety service time.

Secretary Garcia made a motion to approve the pension service retirement for Officer Vazquez, Officer Victores, Lieutenant Cash, Officer McCaskill and Captain Morgalo, and grant entry into the Deferred Retirement Option Plan (DROP). The motion was seconded by Trustee Nolan and unanimously carried. (Attachment #1-1 Schedule A)

COMMENCEMENT OF PENSION

Police Officer Kenneth W. Macleod, retired under the DROP program, resigned from City employment effective March 31, 2020, and is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Trustee Nolan made a motion to approve the commencement of pension for Officer Macleod. The motion was seconded by Trustee Taylor and unanimously carried. (Attachment #1-1 Schedule A)

DECEASED

Trustee Nolan made a motion to add retired Police Captain James J. Cumming and beneficiary Dortha F. Flood to the agenda. The motion was seconded by Trustee Cardeno and unanimously carried.

Retired Police Captain James J. Cumming passed away on February 26, 2020. Widow Sharon E. Cumming will receive a benefit under the Code of the City of Miami Beach, Section 69(a)(1)(A). She will be entitled to 100% of his monthly pension benefit for one year and thereafter 75% of the benefit. Since Ms. Cumming was married to Mr. Cumming for less than 10 years, her benefit will be paid until remarriage or death, but not to exceed Mr. Cumming's normal life expectancy at the time of his death, which was 19.018 years. Ms. Cumming will also be entitled to the 2½% cost of living increase each October.

Trustee Taylor made a motion to approve the March 2020 commencement of pension for Sharon E. Cumming. The motion was seconded by Trustee Otto Stewart and unanimously carried. (Attachment #1-1 Schedule A)

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Retired Sergeant of Police Donald S. McGavern passed away on March 19, 2020. His pension will be discontinued as there are no beneficiaries under the Plan.

Trustee Johnson made a motion to stop the monthly pension for Donald S. McGavern. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #1-1 Schedule A)

Beneficiary Dortha F. Flood, widow of retired Firefighter Joseph J. Flood, passed away on February 5, 2020. Her pension has been discontinued as of March 2020 as there are no other beneficiaries under the Plan.

Beneficiary Lynn A. Farrington, widow of retired Fire Lieutenant Donald G. Farrington, passed away on March 17, 2020. Her pension will be discontinued as there are no other beneficiaries under the Plan.

Secretary Garcia made a motion to stop the monthly pension for Dortha F. Flood and Lynn A. Farrington. The motion was seconded by Trustee Taylor and unanimously carried. (Attachment #1-1 Schedule A)

FINANCIAL REPORT FOR MARCH 2020

The Financial Warrants were emailed to the Board for their review prior to the telephonic conference.

Director Brito advised that since the March 2020 board meeting had to be cancelled, Financial Warrants #4961-4968 have to be ratified from March 2020.

Trustee Nicholas made a motion to approve the ratification of Warrants #4961-4968. The motion was seconded by Trustee Nolan and unanimously carried. (Attachment #1, March 19, 2020)

FINANCIAL REPORT FOR APRIL 2020

The Financial Warrants were emailed to the Board for their review prior to the telephonic conference.

The Director mentioned that the check to Pitney Bowes was paid earlier in the month to meet a payment deadline. In addition, a stipend was included for Myriame Jean-Baptiste and Clara La Rosa for March and April as reimbursement for usage of their personal phones during work from home due to COVID-19.

Trustee Nolan made a motion to accept the Financial Warrants #4969-4975 as presented. The motion was seconded by Trustee Johnson and unanimously carried. (Attachment #1, April 16, 2020)

BUYBACK COVERING THE PERIOD OF FEBRUARY 21, 2020, THROUGH APRIL 16, 2020

The following buyback schedule included in the agenda packet was processed from February 21, 2020, through April 16, 2020.

- *Buyback of probationary service time with interest at 3% - Police Department*

Trustee Nolan made a motion to approve the buyback shown on the schedule. The motion was seconded by Trustee Cardeno and unanimously carried. (Attachment #2)

COUNSEL

Attorney Kaufman thanked the Board for the work they do as first responders. KKJL is honored to represent the Board and the retirement fund while all of the Fire and Police members are out there doing battle against COVID-19 and taking care of the public.

Administrative Policy – Governing the Use of Audio-Video Conferencing or Teleconferencing to Conduct Virtual Public Board of Trustee Meetings

Attorney Kaufman commented that due to COVID-19, business is not as usual. On March 20, 2020, the Governor of Florida issued Executive Order 20-69 suspending any Florida Statute requiring a physical quorum be present for a local government body to meet at a specific public place. Pursuant to Executive Order 20-69, government bodies may utilize audioconferencing and or teleconferencing to conduct public meetings. This Executive Order expires May 8, 2020, unless extended by the Governor.

Trustee Taylor made a motion to adopt the Administrative Policy Governing the Use of Audio-Video Conferencing or Teleconferencing to Conduct Virtual Public Board of Trustee Meetings. The motion was seconded by Trustee Johnson and unanimously carried. (Attachment #3)

Legislative Update

Attorney Kaufman provided a legislative update regarding HB 1113 / SB 1270 which proposed a fiduciary standard of care for appointed public officials and executive officers acting on behalf of a governmental entity. At this time the bill has passed through the Florida House and Senate, but the Governor has yet to sign it into law. KKJL will keep the Board informed of any developments.

Special Tax Notice – Your Rollover Options

Attorney Kaufman reviewed the Special Tax Notice regarding rollover options that had to be updated due to the Secure Act. Effective January 2020, the Secure Act increases the age to begin required minimum distributions from 70½ to 72. (Attachment #4)

CARES Act payments

Attorney Kaufman discussed KKJL's educational memorandum regarding the CARES Act payments which provide Americans below a certain income threshold with advance refundable tax credit payments. (Attachment #5)

Annual Form 1 Filing

Attorney Kaufman reminded the Trustees that Form 1 - 2019 must be submitted by July 1, 2020.

GABRIEL ROEDER SMITH & COMPANY
SHELLY JONES, ASA, EA, FCA, MAAA – CONSULTANT AND ACTUARY
NICOLAS LAHAYE, FSA, EA, MAAA, FCA – CONSULTANT AND ACTUARY

Presentation, Discussion and Possible Action with regard to the FRS Mortality Assumption for 2019

Shelly Jones also thanked the Trustees for their work as first responders.

Ms. Jones advised that the Florida Retirement System (FRS) updated their July 1, 2019, Actuarial Valuation Mortality Assumption to the PUB-2010 Healthy Safety / Below Median (Males), with Generational Mortality Improvements Using Scale MP-2018. This mortality assumption is based on the newest study done by the Society of Actuaries, which uses only public personnel data and has adjustments for safety employees.

Florida Statute 112.63 requires funds to use the mortality tables utilized in either of the two most recently published actuarial valuation reports of the FRS, specifically July 1, 2018, or July 1, 2019. At this time the Board can proactively adopt the July 1, 2019, FRS Mortality Assumption for the October 1, 2019, actuarial valuation. Next year the Board will automatically have to use the July 1, 2019, FRS Mortality Assumption.

GRS reflects the change on the Fund's preliminary October 1, 2019, results as follows:

- Estimated Decrease in Contribution: \$2,215,000
- Estimated Increase in Funded Ratio: 1.9%

GRS recommends updating to the July 1, 2019, FRS Mortality Assumption since this assumption reflects the latest study and reflects the population more appropriately than prior assumptions. The impact for the Fund is a reduction in the liability and required City contribution.

There were various discussions.

Trustee Nolan asked if there was anything negative about adopting the new mortality assumption one year earlier than legally required. Nicolas Lahaye responded that the downside is that the Fund will get less money in advance. Trustee Johnson stated that by adopting the July 1, 2019, FRS Mortality Assumption now, it would provide a little relief in this time of economic hardship to the City, and it would also improve the Fund's funded ratio.

Trustee Johnson made a motion to adopt the July 1, 2019, FRS Mortality Assumption for the October 1, 2019, Actuarial Valuation. The motion was seconded by Trustee Otto Stewart and unanimously carried. (Attachment #6)

There were various discussions about when the Board wanted GRS to present the second phase of the Investment Return / Capital Market Assumption Study. It was agreed that GRS will present their second phase results next month at the May 21, 2020, Board meeting.

ANDCO CONSULTING
JOHN MCCANN, SENIOR CONSULTANT

Market Update

John McCann also thanked the Board for the work they do and communicated his outmost respect for first responders.

Mr. McCann advised that the Fund's market value dropped by approximately ten percent since the end of December 2019; he went on to share that although the market may have some very bad days, it does rebound.

Adopt Investment Policy Change

John McCann presented the proposed amended Pension Plan Investment Policy. The Investment Policy is being amended to reflect the following:

- 1. Update Inverness Counsel LLC's cash allocation from 5% to 6%.*
- 2. Separate Inverness Counsel LLC's balanced account into a separate Equity, Fixed Income and Cash account.*

Trustee Carpenter made a motion to accept the amended Pension Plan Investment Policy and adopt the changes effective July 1, 2020. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #7)

DIRECTOR'S REPORT

Update from the March 10, 2020, Budget Advisory Committee Meeting

Director Brito advised that John McCann, Senior Consultant from AndCo Consulting, and Nicolas Lahaye, Consultant and Actuary from Gabriel Roeder Smith & Company, accompanied her to the Budget Advisory Committee meeting held on March 10, 2020. There were several new committee members who inquired about what the committee's role was with regard to the City's Pension plans. The new members wanted to know if there was anything that they could do proactively to make a difference. Mr. McCann responded to questions regarding the Fund's asset allocation and performance of the investments while Mr. Lahaye responded to various questions regarding the funding of the Plan.

Update on the rebalancing of asset classes

Director Brito gave an update on the rebalancing of asset classes as approved at the February 20, 2020, board meeting.

- The liquidation of \$15,000,000 from Wellington's small cap portfolio and transferring the cash to Wells' international equity portfolio was completed by March 12, 2020.*
- The liquidation of \$4,000,000 from RhumbLine's large cap value portfolio and transferring the cash to J.P. Morgan's real estate portfolio was completed by April 8, 2020.*
- The liquidation of \$4,000,000 from Logan's large cap growth portfolio and transferring the cash to Intercontinental's real estate portfolio was completed by April 14, 2020.*
- The reinvestment of income back into J.P. Morgan's Strategic Property Fund was made effective April 2020.*

2019 Annual State Report

The Director indicated that the Annual State Report was filed online by March 13, 2020, and copies are available at the pension office.

Employee Benefit Statements

Director Brito advised that every year all active members receive an updated benefit statement. This year the estimated Employee Benefit Statements were prepared as of payroll period ending December 22, 2019, and mailed in March 2020.

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Saxena White Donation

Director Brito was contacted by Saxena White who wanted to donate a supply of masks, hand sanitizers and gowns to the Police Department and the Fire Department. Chairman Frazier expressed his gratitude on behalf of the Board

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

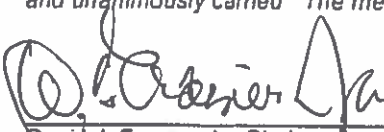
- A. Annual Form 1 – 2019
- B. Administrative Budget

OTHER BUSINESS

Chairman Frazier thanked the pension office staff for their hard work from home while on lockdown due to the Coronavirus quarantine

ADJOURNMENT

Trustee Cardeno made a motion to adjourn the meeting. The motion was seconded by Trustee Johnson and unanimously carried. The meeting was adjourned at 9:49 AM.



David J. Frazier, Jr., Chairman



Enc. M. Garcia, Secretary