

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

**SPECIAL MEETING OF THE
BOARD OF TRUSTEES**

August 6, 2020

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CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
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CALL TO ORDER

Meeting was called to order at 8:32 AM by Chairman Frazier.

Board members present via video 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

Hernan D. Cardeno
Eric T. Carpenter

Absent was:

Tameka Otto Stewart - Administration

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
Antoinette Roman - Accounting Manager

Also present were:

Sean J. Conroy - Managing Director, Client Group, GCM Grosvenor
Mark Guariglia - Managing Director, EnTrust Global
Oliver G. Hanna - Fire Lieutenant, City of Miami Beach
Kathleen Hurley - Executive Director and Client Advisor, J.P. Morgan Asset Management
Gregg Hymowitz - Chairman and CEO, EnTrust Global
Michael Kirchner - CFA, Managing Director, Strategic Investments Group, GCM Grosvenor
Brad Lucas - Real Estate Specialist, J.P. Morgan Asset Management
Jeff Marano - Senior Consultant, EnTrust Global
John McCann - Senior Consultant, AndCo Consulting
Kevin J. Millan - President, Fraternal Order of Police, City of Miami Beach
Sophia Mullen - Senior Managing Director, Investment Research, EnTrust Global
William Phillips - CAIA, Partner, Managing Director and Investor Relations, Ironwood Capital Management
David S. Richter - CPA, Managing Director, Hedge Fund Strategies Investment Committee Chair and Co-Head of Research, GCM Grosvenor
Craig Theirl - Portfolio Manager, J.P. Morgan Asset Management
Benjamin Zack - Partner and Managing Director, Ironwood Capital Management

EDUCATIONAL PRESENTATIONS ON ALTERNATIVE INVESTMENT OPTIONS – DISCUSSION AND POSSIBLE ACTION BY BOARD

During the July 2020 meeting, John McCann discussed an asset allocation incorporating hedge funds and value-add real estate as alternative investments to try and generate additional return for the downturn that is likely to happen in fixed income. An August special meeting was arranged, and the following companies presented to the Board:

EnTrust Global - WPB Special Opportunities Fund LP - Represented by Mark Guariglia, Managing Director; Gregg Hymowitz, Chairman and CEO; Jeff Marano, Senior Consultant; and Sophia Mullen, Senior Managing Director, Investment Research.

GCM Grosvenor - Special Opportunities Fund, Ltd. and Grosvenor Institutional Partners, L.P. - Represented by Sean J. Conroy, Managing Director, Client Group; Michael Kirchner, CFA, Managing Director, Strategic Investments Group; and David S. Richter, CPA, Managing Director, Hedge Fund Strategies Investment Committee Chair and Co-Head of Research.

Ironwood Capital Management - Ironwood Partners, Flagship Master Fund - Represented by William Phillips, CAIA, Partner, Managing Director and Investor Relations; and Benjamin Zack, Partner and Managing Director.

J.P. Morgan Asset Management - JPMCB Special Situation Property Fund - Represented by Kathleen Hurley, Executive Director and Client Advisor; Brad Lucas, Real Estate Specialist; and Craig Theirl, Portfolio Manager.

Mr. McCann started the conversation by recommending an allocation of 5% to the JPMCB Special Situation Property Fund. This would provide greater diversification within real estate as the Fund would have 5% invested in core real estate, 5% invested in core plus real estate and 5% in value-add real estate. The allocation would come from reducing Inverness Counsel's fixed income.

After summarizing the different types of hedge funds presented, Mr. McCann commented that this is a good time to diversify with these funds. Investing in hedge funds would allow the Board access to managers that they would not otherwise be able to invest with. Any allocation into hedge funds would come from reducing Inverness Counsel's domestic equity in the investment guidelines, but the actual cash would come from rebalancing the domestic equity managers at the time of transfer.

Mr. McCann reminded the Board that according to the asset allocation scenarios he presented in July, adding value-add real estate and hedge funds would add a bit more risk for a potentially higher return. Regarding fees, hedge fund managers are more expensive than current equity managers. Real Estate is fundamentally more expensive than fixed income. However, J.P. Morgan will offer a Global Relationship Discount if the Board invests in their two funds, saving approximately \$30,000 in fees annually. In addition, AndCo Consulting will charge an annual monitoring fee of \$3,000 per each new fund.

The Board members debated their preferences and concerns as well as how best to create diversification considering the changing financial landscape.

Trustee Johnson commented that he was in favor of adding more real estate as a fixed income alternative and made a motion to transfer \$50,000,000 from the Inverness Counsel fixed income portfolio to the JPMCB Special Situation Property Fund with the understanding that the contract is subject to negotiation by Counsel. Trustee Nicholas seconded the motion.

*Special Meeting of the Board of Trustees
August 6, 2020*

Roll was called:

<i>Trustee Cardeno</i>	<i>Yes</i>
<i>Trustee Carpenter</i>	<i>Yes</i>
<i>Chairman Frazier</i>	<i>Yes</i>
<i>Secretary Garcia</i>	<i>Yes</i>
<i>Trustee Johnson</i>	<i>Yes</i>
<i>Trustee Nicholas</i>	<i>Yes</i>
<i>Trustee Nolan</i>	<i>No</i>
<i>Trustee Spina Taylor</i>	<i>Yes</i>

The motion passed by a vote of 7-1.

The conversation returned to how comfortable the trustees were with hedge funds. Trustee Johnson stated that years ago he was in favor of investing in alternatives, but the Fund was much smaller at that time. Now that the Fund has increased to almost \$1 billion, he is in favor of adding hedge funds to the portfolio to diversify further and gain experience in the asset class.

Trustee Johnson made a motion to transfer \$20,000,000 from equities to EnTrust Global's WPB Special Opportunities Fund LP. Trustee Nolan seconded the motion.

After further discussions, roll was called:

<i>Trustee Cardeno</i>	<i>No</i>
<i>Trustee Carpenter</i>	<i>No</i>
<i>Chairman Frazier</i>	<i>No</i>
<i>Secretary Garcia</i>	<i>No</i>
<i>Trustee Johnson</i>	<i>Yes</i>
<i>Trustee Nicholas</i>	<i>No</i>
<i>Trustee Nolan</i>	<i>Yes</i>
<i>Trustee Spina Taylor</i>	<i>No</i>

The motion did not pass by a vote of 2-6.

Mr. McCann recommended allocating \$5,000,000 each to both GCM Grosvenor funds, and possibly \$5,000,000 to Ironwood Capital Management. The Board discussed various options they would support based on the style of each hedge fund, fees and what percentage of hedge fund investment was appropriate.

Trustee Carpenter made a motion to transfer from equities \$10,000,000 to each GCM Grosvenor fund, for a total of \$20,000,000. Trustee Spina Taylor seconded the motion.

Trustees weighed in again with their opinions of each of the GCM Grosvenor funds they would support.

Trustee Carpenter amended the motion to transfer \$10,000,000 from equities to the Grosvenor Institutional Partners, L.P. fund with the understanding that the contract is subject to negotiation by Counsel. Trustee Johnson seconded the motion.

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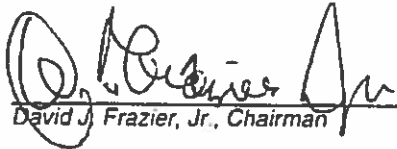
Roll was called:

<i>Trustee Cardeno</i>	<i>Yes</i>
<i>Trustee Carpenter</i>	<i>Yes</i>
<i>Chairman Frazier</i>	<i>Yes</i>
<i>Secretary Garcia</i>	<i>Yes</i>
<i>Trustee Johnson</i>	<i>Yes</i>
<i>Trustee Nicholas</i>	<i>Yes</i>
<i>Trustee Nolan</i>	<i>No</i>
<i>Trustee Spina Taylor</i>	<i>Yes</i>

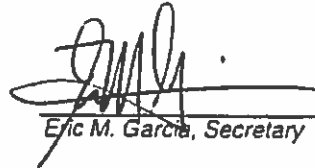
The motion passed by a vote of 7-1.

ADJOURNMENT

Trustee Cardeno made a motion to adjourn the meeting. The motion was seconded by Trustee Nolan and unanimously carried. The meeting was adjourned at 11:56 AM.



David J. Frazier, Jr., Chairman



Eric M. Garcia, Secretary