

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

924<sup>TH</sup> BOARD OF TRUSTEES MEETING

July 16, 2020

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

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

**924<sup>TH</sup> MEETING OF THE BOARD OF TRUSTEES  
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS  
IN THE CITY OF MIAMI BEACH**

**July 16, 2020**

**CALL TO ORDER**

Meeting was called to order at 8:36 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  
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
Antoinette Roman	- Accounting Manager

**Also present were:**

Al Besse	- Principal, Logan Capital Management, Inc.
Michael Bray	- Vice President, Inverness Counsel, LLC
Shelly Jones	- Consultant and Actuary, Gabriel Roeder Smith & Company
Stephen Lee	- Principal, Logan Capital Management, Inc.
Robert K. Maddock	- Senior Vice President, Inverness Counsel LLC
John McCann	- Senior Consultant, AndCo Consulting
Adrian Sancho	- Vice President, Equity Analyst, Inverness Counsel, LLC
Dana H. Stewardson	- Principal, Logan Capital Management, Inc.
Brendon Vavrica	- Consultant, AndCo Consulting

**INTRODUCTION OF NEW FIRE AND POLICE PENSION OFFICE EMPLOYEE**

Chairman Frazier introduced the new pension office Accounting Manager, Antoinette Roman, and welcomed her to the office.

**MINUTES**

**Regular Meeting of the Board of Trustees – June 18, 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 Carpenter and unanimously carried.

**DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY**

Firefighter Shaun C. Anderson retired under the DROP program effective July 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Firefighter Anderson had 16 years and 9 months of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Firefighter Anderson purchased the 6% multiplier.

Sergeant of Police Alejandro Bello retired under the DROP program effective July 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Sergeant Bello had 23 years 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, Sergeant Bello purchased the 6% multiplier.

Sergeant of Police Jerome S. Berrian, Jr., retired under the DROP program effective July 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Sergeant Berrian had 23 years of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Sergeant Berrian purchased the 3% multiplier.

Police Officer Tino A. Serrano retired under the DROP program effective July 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Serrano had 23 years 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 Serrano purchased the 6% multiplier.

Trustee Nolan made a motion to approve the pension service retirement for Firefighter Anderson, Sergeant Bello, Sergeant Berrian, and Officer Serrano, and grant entry into the Deferred Retirement Option Plan (DROP). The motion was seconded by Trustee Cardeno and unanimously carried. (Attachment #1-1 Schedule A)

#### **COMMENCEMENT OF PENSION**

Police Officer Joseph D. Hart retired under the DROP program, resigned from City employment effective June 8, 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 Hart. The motion was seconded by Trustee Spina Taylor and unanimously carried. (Attachment #1-1 Schedule A)

#### **DEFERRED VESTED SERVICE RETIREMENT – PAYABLE AT AGE 50**

Former Police Officer George R. Navarro was terminated with vested rights on May 11, 2017. Former Officer Navarro had 6 years and 4 months of pension service time. Mr. Navarro will be eligible for pension benefits at age 50 on October 6, 2035.

#### **LUMP SUM REFUND**

Former Police Officer Jorge Ortega's last day of work was May 11, 2020. He had less than 5 years of pension service time so he was not vested. Mr. Ortega requested a lump sum refund of his employee contributions with interest.

Trustee Carpenter made a motion to approve the payment for the lump sum refund of employee contributions with interest to Jorge Ortega. The motion was seconded by Trustee Nolan and unanimously carried. (Attachment #1-1 Schedule A)

#### **DECEASED**

Retired Sergeant of Police Edwin L. Young, Jr., passed away on June 16, 2020. Widow Arlene M. Young will receive a benefit under the Code of the City of Miami Beach, Section 69(b)(1)(A). She will be entitled to 100% of his monthly pension benefit for one year and thereafter 75% of the benefit until remarriage or death. She will also be entitled to a 2½ % cost of living increase each October.

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

### **FINANCIAL REPORT FOR JULY 2020**

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

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

### **COUNSEL**

#### **Update on Governor's Executive Order**

Attorney Kaufman explained that Governor DeSantis' Executive Order 20-69 has been extended until September 7, 2020. KKJL has been in communication with the Governor's counsel and will be recommending to further extend the Executive Order throughout the rest of the calendar year.

#### **Update on the securities litigation case against HD Supply Holdings, Inc.**

The Federal Court of the Northern District of Georgia is scheduled to have a virtual hearing on July 21, 2020, where the terms of the final settlement are expected to be approved for the securities litigation class action case against HD Supply Holdings, Inc.

### **GABRIEL ROEDER SMITH & COMPANY SHELLY JONES, ASA, EA, FCA, MAAA – CONSULTANT AND ACTUARY**

#### **Engagement Letter dated July 8, 2020, to provide an Experience Study as of September 30, 2019**

Shelly Jones was in attendance but experienced technical difficulties with the Zoom audio.

Director Brito explained that the GRS engagement letter is for an experience study to analyze the actual experience of the Fund over the past five years and to make recommendations on the actuarial assumptions and methods used for funding and accounting for the Fund. In addition to the assumptions identified for analysis, GRS will also review the DROP assumption.

Trustee Carpenter made a motion to approve the engagement letter for GRS to perform a 5-year Experience Study at a fee not to exceed \$14,420. The motion was seconded by Secretary Garcia and unanimously carried. (Attachment #2)

### **ANDCO CONSULTING JOHN MCCANN - SENIOR CONSULTANT BRENDON VAVRICA - CONSULTANT**

#### **Market Value Update**

Brendon Vavrica advised that the total market value as of June 30, 2020, is approximately \$934,000,000 reflecting an increase of 12% for the quarter. The Fund's total fiscal year to date net return is approximately 3.1% (October 1, 2019, through June 30, 2020).

### **Fixed Income Update**

John McCann reviewed the one-year returns ending June 30, 2020, as well as the risks and fees for: Baird Advisors, Inverness Counsel LLC, Garcia Hamilton & Associates L.P., and Tocqueville Asset Management L.P.

Trustee Nolan mentioned that he thought the Board should consider giving another manager an opportunity within the fixed income class and asked Mr. McCann for his thoughts. Mr. McCann stated that it has been one year since John Rochford left Inverness. At that time the Board decided to leave all the money with one fixed income manager and has continued to be satisfied with Inverness. However, it is always good to diversify within an asset class for the safety of the Fund. Saying that, it is a tough decision to make with just one year of return information.

Trustee Nolan commented that he was in favor of diversifying further. Tocqueville has the second highest rate of return with the lowest amount of risk. The returns may have been monitored for only four quarters, but John Rochford has years of a proven track record with Inverness prior to joining Tocqueville.

Secretary Garcia inquired if adding another manager would affect custodial and management fees and would the fee structure with Inverness change if the fixed income assets under management went below a certain level. Mr. McCann replied that an increase in the custodial and management fees would be negligible. Mr. Vavrica commented that the only other consideration is that there would be more transactions taking place which should cost only a few additional basis points. Attorney Kaufman observed that managers from Inverness were present in the video conference and he would expect them to speak up if there was going to be a change in their fee structure.

Trustee Nolan made a motion to diversify the fixed income asset class by transferring 50% of the fixed income from Inverness to Tocqueville. The motion was seconded by Trustee Spina Taylor.

Trustee Carpenter proposed that he would be more comfortable transferring 20% as opposed to 50% to Tocqueville. Secretary Garcia agreed. There were various discussions.

Trustee Nolan revised the motion to transfer \$50,000,000 from Inverness' fixed income portfolio to Tocqueville's fixed income portfolio for a fee of 15 basis points with the understanding that the contract is subject to negotiation by Counsel. The motion was seconded by Trustee Spina Taylor and unanimously carried.

### **Asset Allocation Analysis – Discussion and possible action**

Mr. McCann discussed the Asset Allocation incorporating hedge funds and value-add real estate in detail. He believes the Board is comfortable with the current level of risk for the projected return. However, in this climate and with the markets being volatile, the Board should consider taking a little bit more risk for a potential higher return. (Attachment #3)

Mr. Vavrica stated that interest rates have been falling and in the last six months have accelerated their move downward. As the Board moves forward into the future, it is going to be a challenge to meet the targeted return by having 30% of the Fund dedicated to fixed income. That is why the asset allocation Mixes 1 - 5 are being presented as alternatives to try and generate additional return for the downturn that is likely to happen in fixed income.

Mr. McCann asked if the Board is interested in meeting with hedge fund and value-add real estate managers via video conference rather than waiting for the opportunity to meet face to face in the future. This prompted various discussions regarding how the model behavior of adding hedge funds would depend on who is selected to manage the money and what effect the additional fees will have on the return projections.

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Trustee Carpenter stated that he would be interested in looking at both options for diversification purposes and the long-term health of the Fund. The Board agreed. A special educational video conference will be arranged by the end of August for the Board to meet with four hedge fund managers plus J.P. Morgan Value-Add Real Estate.

**LOGAN CAPITAL MANAGEMENT, INC.**  
**AL BESSE – PRINCIPAL**  
**STEPHEN LEE – PRINCIPAL**  
**DANA H. STEWARDSON – PRINCIPAL**

**Portfolio Review**

Dana Stewardson, Stephen Lee and Al Besse reviewed in detail the Fire and Police Pension large cap growth portfolio as of June 30, 2020.

**DIRECTOR'S REPORT**

**Maximum Benefit Limitations – Internal Revenue Code Section 415 (IRC 415)**

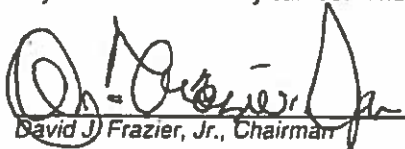
Director Brito advised that for FY 2019/2020, two members have met the IRC 415 limit in July 2020 and an additional three members will meet the limit in September 2020.

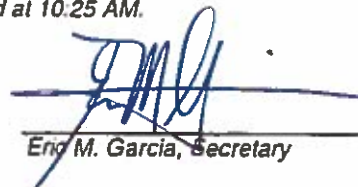
For the Board's information, the following items were distributed as either part of the agenda or meeting packet:

- A. Administrative Budget

**ADJOURNMENT**

Trustee Cardeno made a motion to adjourn the meeting. The motion was seconded by Trustee Spina Taylor and unanimously carried. The meeting was adjourned at 10:25 AM.

  
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David J. Frazier, Jr., Chairman

  
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Eric M. Garcia, Secretary