

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

925TH BOARD OF TRUSTEES MEETING

August 20, 2020

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

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

**925TH MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

August 20, 2020

CALL TO ORDER

Meeting was called to order at 8:31 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:

Michael Bray	- Vice President, Inverness Counsel, LLC
Robert K. Maddock	- Senior Vice President, Inverness Counsel, LLC
John McCann	- Senior Consultant, AndCo Consulting
Matthew McCue	- Co-Founder & Editor of FIN News
Kevin J. Millan	- President, Fraternal Order of Police City of Miami Beach
Adrian Sancho	- Vice President, Equity Analyst, Inverness Counsel, LLC
Richard A. Sicking, Esq.	- Partner, Touby, Chait & Sicking, PL
Brendon Vavrica	- Consultant, AndCo Consulting

MINUTES

Regular Meeting of the Board of Trustees – July 16, 2020

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

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

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

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

Sergeant of Police Jorge Alessandri retired under the DROP program effective August 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Sergeant Alessandri had 19 years and 6 months of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Sergeant Alessandri purchased the 6% multiplier.

**925th Meeting of the Board of Trustees
August 20, 2020**

Police Officer William K. Beeker retired under the DROP program effective August 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Beeker had 12 years and 1 month of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50.

Police Officer Frank T. Celestre retired under the DROP program effective August 1, 2020, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Celestre had 23 years and 1 month of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50.

Secretary Garcia made a motion to approve the pension service retirement for Sergeant Alessandri, Officer Beeker, and Officer Celestre, 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 Ana M. Cabanas retired under the DROP program, resigned from City employment effective July 31, 2020, and is eligible to commence her monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

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

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

VESTED SERVICE RETIREMENT

Vested Lieutenant of Police Alexander M. Carulo, upon attainment of age 50 on August 22, 2020, is eligible to receive pension benefits (vested rights – last day of work 05/14/2015) in accordance with the Miami Beach Code, Section 66(a)(b)(g). Mr. Carulo had 21 years of service.

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

DECEASED

Retired Firefighter James H. Bailey passed away on July 26, 2020. Widow Maryellen Bailey 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 50% of the benefit until remarriage or death. She will also be entitled to a 2½ % cost of living increase each October.

Trustee Nicholas made a motion to approve the commencement of pension for Maryellen Bailey. The motion was seconded by Trustee Otto Stewart and unanimously carried.

Trustee Carpenter arrived at 8:37 AM.

Beneficiary Marjorie I. Leonard, widow of retired Major of Police Arthur H. Leonard, passed away on July 11, 2020. Her pension will be discontinued as there are no other beneficiaries under the Plan.

Trustee Nolan made a motion to stop the monthly pension for Marjorie I. Leonard. The motion was seconded by Trustee Spina Taylor and unanimously carried. (Attachment #1-1 Schedule A)

FINANCIAL REPORT FOR AUGUST 2020

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

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

Trustee Johnson arrived at 8:41 AM.

BUYBACKS COVERING THE PERIOD OF JUNE 19, 2020, THROUGH AUGUST 20, 2020

The following buyback schedules included in the agenda packet were processed from June 19, 2020, through August 20, 2020.

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

Trustee Nolan made a motion to approve the buybacks shown on the schedules. The motion was seconded by Trustee Johnson and unanimously carried. (Attachment #2)

COUNSEL

Update on Governor's Executive Order

An additional extension of the Governor's Executive Order will be in effect through October 1, 2020. (Attachment #3)

Tocqueville Asset Management, L.P. – Investment Advisory Agreement

Attorney Kaufman advised that the Tocqueville Asset Management, L.P. Investment Advisory Agreement has been reviewed and is ready for the Board's approval.

Trustee Nolan made a motion to allow Chairman Frazier to execute the Tocqueville Asset Management, L.P. Investment Advisory Agreement with an effective date of October 1, 2020. The motion was seconded by Secretary Garcia and unanimously carried. (Attachment #4)

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

Attorney Kaufman advised that the final approval hearing against HD Supply Holdings, Inc. was held virtually on July 21, 2020, and the settlement is now final. The Court approved a Representative Reimbursement to the Fund in the amount of \$8,208.00 for service in this case. Once the Court authorizes the distribution of net settlement, the Claims Administrator will distribute to Class Members their pro rata share of the Net Settlement Fund proceeds.

Director Brito thanked Trustee Nolan for all his hard work preparing for the deposition and commented that Saxena White had been very impressed by his professionalism. (Attachment #5)

EMAIL DATED AUGUST 11, 2020, FROM RICHARD A. SICKING, ESQ., FOR DISCUSSION OF WORKERS' COMPENSATION OFFSET FOR CHARLES E. KING

Richard A. Sicking, Esq. advised that retiree Charles E. King is involved in a private lawsuit case, which may affect the workers' compensation payments he currently receives from the City of Miami Beach for his total and permanent disability. If the case settles, it is likely that the workers' compensation payments from the City will stop and, in exchange, the City will give up any claim from the private lawsuit for workers' compensation already paid. Mr. Sicking wished to simply inform the Board on this issue.

Attorney Kaufman explained that after careful review and research, if there are no future workers' compensation payments being made by the City, then the workers' compensation offset from the pension will stop as well. No action is required by the Board at this time. (Attachment #6)

INVERNESS COUNSEL, LLC
MICHAEL BRAY – VICE PRESIDENT
ROBERT K. MADDOCK – SENIOR VICE PRESIDENT
ADRIAN SANCHO – VICE PRESIDENT, EQUITY ANALYST

Portfolio Review

Robert Maddock, Adrian Sancho and Michael Bray reviewed in detail the Investment Commentary of the Fire and Police large cap and fixed income portfolio as of June 30, 2020.

ANDCO CONSULTING
JOHN MCCANN - SENIOR CONSULTANT
BRENDON VAVRICA - CONSULTANT

Investment Performance Review

John McCann and Brendon Vavrica provided the Investment Performance Review for the period ending June 30, 2020. In summary, the Fund's total fiscal year to date net return is 2.82% (October 1, 2019, through June 30, 2020).

Inverness Counsel

During the period beginning 01/01/00 and ending 06/30/20, the equity portion of the fund had an annualized return from inception of 6.81% compared to the S&P 500 Index of 5.74%. During the period beginning 10/01/90 and ending 06/30/20, the fixed income portion of the fund had an annualized return from inception of 5.81% compared to the ½ BCGC and ½ BCGCI Index of 5.83%. As of 06/30/20, the ending value of the Inverness portfolio was \$222,909,035 in equities, \$221,217,465 in fixed income and \$38,584,254 in cash equivalent.

Wellington Mgmt. Company Small Cap – Period beginning 07/01/99 and ending 06/30/20

Wellington equity had an annualized return from inception of 10.71% compared to the Russell 2000 Index of 7.04%. As of 06/30/20, the ending value of the Wellington portfolio was \$78,528,022.

Logan Capital Management Large Cap Growth – Period beginning 04/01/07 and ending 06/30/20

Logan equity had an annualized return from inception of 10.27% compared to the Russell 1000 Growth Index of 11.49%. As of 06/30/20, the ending value of the Logan portfolio including \$934,843 in cash equivalent was \$59,297,713.

RhumbLine Advisers Large Cap Value – Period beginning 01/01/17 and ending 06/30/20

RhumbLine equity index fund had an annualized return from inception of 2.86% compared to the Russell 1000 Value Index of 2.89%. As of 06/30/20, the ending value of the RhumbLine portfolio was \$46,099,609.

RhumbLine Advisers Mid Cap – Period beginning 07/01/97 and ending 06/30/20

RhumbLine equity index fund had an annualized return from inception of 9.79% compared to the S&P MidCap 400 Index of 9.79%. As of 06/30/20, the ending value of the RhumbLine portfolio including \$115,358 in cash equivalent was \$68,827,872.

RhumbLine Advisers International Equity - Period beginning 01/01/16 and ending 06/30/20

RhumbLine international equity index fund had an annualized return from inception 3.88% compared to the MSCI EAFE Index of 4.23%. As of 06/30/20, the ending value of the RhumbLine portfolio was \$47,803,618.

JP Morgan Asset Management Real Estate - Period beginning 10/01/2007 and ending 06/30/20

JP Morgan real estate had an annualized return from inception of 5.17% compared to the NCREIF Index-Open End Diversified Core of 5.06%. As of 06/30/20, the ending value of JP Morgan portfolio was \$48,768,276.

Intercontinental Real Estate - Period beginning 04/01/2018 and ending 06/30/20

Intercontinental real estate had an annualized return from inception of 6.36% compared to the NCREIF Index-Open End Diversified Core of 5.16%. As of 06/30/20, the ending value of the Intercontinental portfolio was \$49,947,441.

Wells Capital Management International Bonds – Period beginning 10/01/11 and ending 06/30/20

Wells international bonds had an annualized return from inception of 0.86% compared to the FTSE Non-U.S. World Government Bond Index of 0.45%. As of 06/30/20, the ending value of Wells portfolio was \$52,390,039.

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

As of 06/30/20, the ending value of the Fund was \$934,373,345. Of the \$934,373,345, the Cash Equivalent portion of the Fund was 4.62% or \$43,142,345. The results for the 12 month period ending 06/30/20, show that the Fund's return of 3.45%, after investment expenses, underperformed the benchmark indices of 3.77%. During this 12 month period, Inverness equity significantly outperformed the S&P 500 Index, Wellington significantly outperformed the Russell 2000 Index, Logan significantly underperformed the Russell 1000 Growth Index, RhumbLine slightly underperformed the S&P MidCap 400 Index, RhumbLine slightly outperformed the Russell 1000 Value Index, RhumbLine slightly underperformed the MSCI EAFE Index, JP Morgan significantly underperformed the NCREIF Index-Open End Diversified Core, Intercontinental significantly outperformed the NCREIF Index-Open End Diversified Core. On the fixed income side, Wells significantly outperformed the FTSE Non-U.S. World Government Bond Index, and Inverness slightly underperformed the Index composed of ½ BCGC and ½ BCGCI.

Quarterly DROP Review

Mr. McCann provided a review of the Voya and Nationwide DROP investment options for the period ending June 30, 2020. He does not recommend any changes at this time.

Adopt Investment Policy Change

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

- 1. Tocqueville Asset Management was added as a new fixed income manager.*
- 2. Hedge funds were added as an alternative asset and GCM Grosvenor was hired as the hedge fund manager.*
- 3. The JPMCB Special Situation Fund was added to the real estate portfolio.*

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

Wells Capital Management

Mr. McCann advised that the Amendment to the Wells Capital Investment Management Agreement amended Section 10, which reduces the original fee structure from 0.36% to 0.32%. This change came about as a result of rebalancing \$15,000,000 to the Wells Capital International fixed income back in March 2020.

Secretary Garcia made a motion to approve the Amendment to the Wells Capital Investment Management Agreement as of April 1, 2020, and to allow the Chairman to execute the agreement. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #8)

PROPOSED ADMINISTRATIVE BUDGET 10/01/20 – 09/30/21

The Director presented the Board with the following:

- Proposed Administrative Budget for Fiscal Year 10/01/20 – 09/30/21*

Director Brito discussed the budget in detail.

Trustee Otto Stewart asked if the budget is just a plan and if anything happens when a budgeted amount is not completely utilized by fiscal year end. The Director clarified that the pension does not spend up to the budgeted amount unless necessary.

Attorney Kaufman explained that a couple of years ago the law changed and all pension boards are required to prepare and submit a budget to their plan sponsor so that they have an idea of the administrative expenses. If the total administrative expense exceeds the approved budget, then an amendment is required. The budget process is a fiduciary exercise required by State law.

Secretary Garcia made a motion to approve the proposed administrative budget for 2020-2021. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #9)

DIRECTOR'S REPORT

Email dated August 10, 2020, from the State approving the 2019 Annual Report for the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach

An email from the State dated August 10, 2020, provided confirmation that the 2019 Annual Report for the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach has been reviewed and approved. (Attachment #10)

NCPERS – Fall Conference: A virtual event with educational tracks, September 29 - 30, 2020

Clara La Rosa advised that due to the COVID-19 travel limitations, the NCPERS Fall Conference has been scheduled to take place virtually from September 29 – 30, 2020. If anyone is interested to attend, a motion is required as this conference is not part of a standing motion.

Secretary Garcia made a motion to allow any Trustee or office staff to attend the virtual NCPERS Fall Conference from September 29 – 30, 2020. The motion was seconded by Trustee Cardeno and unanimously carried.

Director Brito brought to the Board's attention a situation where they are having difficulty paying pension benefits to a retiree whose past two pension checks have been returned by the postal service. Efforts have been made to reach the retiree via phone, regular and certified USPS mail, and through the retiree's bank. The member does not respond to emails.

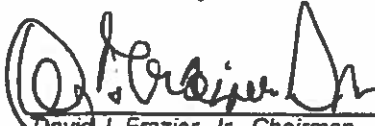
There were various discussions and Attorney Kaufman advised that staff has gone above and beyond what is required to make the payments. It is the retiree's responsibility to contact the pension office if there is a problem receiving payments. The Board suggested the staff could contact the member's local city and request a welfare check and ask to have the member contact the pension office directly.

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


- A. FPPTA – Virtual Summit, Pivot 2020: Challenge & Change, October 5 - 7, 2020
- B. Administrative Budget

ADJOURNMENT

Trustee Cardeno made a motion to adjourn the meeting. The motion was seconded by Trustee Nicholas and unanimously carried. The meeting was adjourned at 10:08 AM.



David J. Frazier, Jr., Chairman



Eric M. Garcia, Secretary