

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

**929<sup>TH</sup> BOARD OF TRUSTEES MEETING**

**January 21, 2021**

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

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

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

*January 21, 2021*

**CALL TO ORDER**

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

Board members present via a quorum physically present and video conference 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**

Eric T. Carpenter  
Tameka Otto Stewart

**Absent was:**

Hernan D. Cardeno - 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:**

Shelly Jones - Consultant and Actuary, Gabriel Roeder Smith & Company  
Eric J. Leventhal - CPA, CVA, Partner, KSDT  
John McCann - Senior Consultant, AndCo Consulting  
Dann Smith - Director, Institutional Client Relations & Business Development, Wells Fargo Asset Management  
Peter M. Wilson - Managing Director, WFAM Global Fixed Income, Wells Fargo Asset Management

**MINUTES**

**Regular Meeting of the Board of Trustees – December 17, 2020**

Minutes from the regular board meeting were distributed as part of the agenda packet. Trustee Johnson 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**

Police Sergeant James D. Nolan retired under the DROP program effective January 1, 2021, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Sergeant Nolan had 23 years and 1 month of pension service time and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Sergeant Nolan purchased the 3% multiplier.

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

Trustee Carpenter joined the meeting at 8:35 AM.

#### **COMMENCEMENT OF PENSION**

Fire Division Chief Robert L. Bedell retired under the DROP program, resigned from City employment effective December 20, 2020, and is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Officer Robert P. Chenoweth retired under the DROP program, resigned from City employment effective December 10, 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 Division Chief Bedell and Officer Chenoweth. The motion was seconded by Secretary Garcia and unanimously carried. (Attachment #1-1 Schedule A)

#### **SERVICE RETIREMENT**

Police Sergeant Manuel A. Moraga retired effective January 4, 2021, with 21 years and 3 months of service in accordance with the Miami Beach Code, Section 66(a). Sergeant Moraga met the eligibility for retirement by Tier 1, Rule of 70 and attainment of at least age 47. In addition, Sergeant Moraga purchased the 6% multiplier.

Trustee Nolan made a motion to grant service retirement to Sergeant Moraga. The motion was seconded by Secretary Garcia and unanimously carried. (Attachment #1-1 Schedule A)

#### **FINANCIAL REPORT FOR JANUARY 2021**

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

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

#### **BUYBACKS COVERING THE PERIOD OF DECEMBER 18, 2020, THROUGH JANUARY 21, 2021**

The following buyback schedule included in the agenda packet was processed from December 18, 2020, through January 21, 2021.

- Buybacks of pre-employment military time - Fire Department

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

**COUNSEL**

**Memorandum dated January 8, 2021, from Klausner, Kaufman, Jensen & Levinson regarding New Florida Law Requirement §448.095 – Registration and Use of E-Verify**

Attorney Kaufman explained that effective January 1, 2021, under Florida Statute §448.095, a new law went into effect with two requirements which are applicable for public retirement plans:

- Public Employers are required to register with and use the free E-Verify system to verify the work authorization status of all newly hired employees; and
- Contracts entered into by Public Employers must contain a provision requiring the parties to use the E-Verify system.

The pension office and all new vendors are required to comply. (Attachment #3)

**KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & CO. (KSDT)  
ERIC J. LEVENTHAL, CPA, CVA – PARTNER**

**Tentative Financial Report**

1. **Financial Statement year ended September 30, 2020**
2. **Management Representation Letter**

Eric Leventhal presented the tentative audited Financial Statements as of September 30, 2020. In connection with the audit, as evidenced by the report, Mr. Leventhal indicated that KSDT has rendered an unmodified opinion that the financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Mr. Leventhal discussed in detail the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position and the Schedule of Investment and Administrative Expenses for the period ending September 30, 2020.

Mr. Leventhal reviewed the Compliance and Other Matters Report stating that KSDT was not specifically engaged to look at the effectiveness of internal control nor to give an opinion on the effectiveness of internal control. However, if during the course of the audit KSDT would have found anything of concern regarding internal control, they would have been required to share that information with the Board. Given these limitations, he reported that:

- There were no identifiable deficiencies in internal control that were considered to be material weaknesses.
- There were no significant difficulties encountered in performing the audit.
- The testing results disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Trustee Johnson made a motion to approve the audited Financial Statements for the year ending September 30, 2020. The motion was seconded by Trustee Nolan. (Attachment #4)

Trustee Johnson made a motion to authorize the Chairman and the Director to execute and deliver the management representation letter. The motion was seconded by Trustee Nicholas. (Attachment #5)

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

**2019 Experience Study updated for second review – Discussion and possible action**

During the September 2020 board meeting, Shelly Jones reviewed the experience study findings based on the five year period from October 1, 2014, through September 30, 2019. Ms. Jones recommended updating several assumptions in order to get closer to what had been experienced over the last five years. At that time, the Board requested that GRS re-evaluate the costs to the recommended assumption changes based on the members' census data as of September 30, 2020.

Ms. Jones reviewed in detail the updated costs to the recommended assumption changes. There were various discussions regarding future salary expectations, future rates of retirement and the DROP assumption. (Attachment #6)

Trustee Johnson expressed his concern that in the wake of a pandemic and the current economic conditions, an additional cost to the City could be unsustainable. In his opinion the Board should move slowly when considering the recommended changes.

Secretary Garcia questioned: If the Board assumes that the recommended changes are going to happen, is it better to make the payment now as opposed to putting it off into the future. Trustee Otto Stewart replied that if something is inevitable an adjustment should be made. However, in this case, it may be better to wait and see what happens in the end-of-year contract negotiations between the Unions and the City. Trustee Carpenter agreed that nothing happens in a vacuum and everything is interrelated. The Board has to be careful not to drive a change that ends up negatively impacting all involved parties.

Trustee Johnson commented that he appreciates the experience study recommendations, but they are based on past experiences, so they are not necessarily inevitable. This is not the only opportunity to change assumptions. Assumptions are reviewed every year during the annual actuarial valuation process and can be adjusted in the future. Secretary Garcia agreed and added that in normal times the prudent thing to do would be to make the adjustments. However, since this is a unique situation where the experience study timeframe misses the unknowns of the pandemic and a big societal and cultural shift, it's best to proceed cautiously.

Trustee Carpenter remarked that the rates of future retirements may not change in light of everything that has been experienced. Members will probably continue to retire as soon as they are able because of outside influences. Trustee Carpenter made a motion to adopt the actuary's recommended changes to the rates of future retirements at an estimated cost increase of \$500,000 commencing with the October 1, 2020, actuarial valuation as follows:

RETIREMENT RATES *				
Years of Service	Meets Rule of 70		Does Not Meet Rule of 70	
	Expected Current	Expected Proposed	Expected Current	Expected Proposed
< 20	20%	30%	4%	8%
20	25%	45%	5%	8%
21	30%	45%	10%	8%
22	35%	50%	10%	8%
23	40%	50%	20%	20%
24	50%	70%	60%	60%
25	70%	70%	60%	60%
26 & After	100%	100%	100%	100%

\* For employees who meet the age and service eligibility requirements for normal or vested retirement.

The motion was seconded by Trustee Nicholas. The motion carried with Trustee Johnson dissenting.

The Board took no additional action at this time.

**WELLS FARGO ASSET MANAGEMENT**  
**DANN SMITH, DIRECTOR, INSTITUTIONAL CLIENT RELATIONS &**  
**BUSINESS DEVELOPMENT**  
**WFAM GLOBAL FIXED INCOME**  
**PETER M. WILSON, MANAGING DIRECTOR**

**Portfolio Review**

Joining the meeting from London was Peter M. Wilson, Managing Director for the Wells Fargo Global Fixed Income team who manages the Board's international fixed income assets. Dann Smith and Mr. Wilson reviewed in detail the Fire and Police Pension International Bond Fund Portfolio as of December 31, 2020.

Trustee Johnson left the meeting at 10:10 AM but continued to be connected virtually.

Trustee Otto Stewart left the meeting at 10:24 AM but continued to be connected virtually.

**DIRECTOR'S REPORT**

**Budget Advisory Committee Meeting – February 9, 2021**

Director Brito advised that the Budget Advisory Committee (BAC) would like to have the pension administrators from the Fire and Police Pension and the General Employees' Pension attend their next meeting on February 9, 2021. A standing motion allows the Director to invite a representative from both Gabriel Roeder Smith & Company and AndCo Consulting to attend the meeting with her and to be compensated at their respective hourly rates. (Attachment #7)

**2020 Affidavits**

Director Brito advised that the affidavit for beneficiary Judith Ridge has not been received to date. Therefore, her pension benefit for January 2021 will be stopped.

**Upgrade pension office conference room to accommodate video conferencing**

On Monday, January 25, 2021, the IT Department will begin the upgrade to the pension office conference room to accommodate video conferencing in time for the February meeting.

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

- A. Administrative Budget

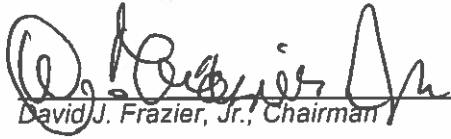
**OTHER BUSINESS**

John McCann, AndCo Consulting Senior Consultant, provided a market value update of \$1,098,257,177 which equates to a total Fund return of 9.85% for the first quarter ending December 31, 2020.

929<sup>th</sup> Meeting of the Board of Trustees  
January 21, 2021

**ADJOURNMENT**

Secretary Garcia made a motion to adjourn the meeting. The motion was seconded by Trustee Carpenter and unanimously carried. The meeting was adjourned at 10:29 AM.



David J. Frazier, Jr., Chairman



Eric M. Garcia, Secretary