

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

940TH BOARD OF TRUSTEES MEETING

February 17, 2022

*COPIES OF MINUTES ARE BEING
PROVIDED WITHOUT ATTACHMENTS.*

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

**940TH MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

February 17, 2022

CALL TO ORDER

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

Board members present, via a quorum physically present and videoconference, were as follows:

FIRE DEPARTMENT

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

POLICE DEPARTMENT

Steven L. Feldman
Daniel D. Molina
James D. Nolan

ADMINISTRATION

Eric T. Carpenter
Tameka Otto Stewart

Absent were:

Hernan D. Cardeno - Administration

Present were:

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

Also present were:

Phil Deeney - Director, Intercontinental Real Estate Corporation
Robert K. Maddock - Senior Vice President, Inverness Counsel, LLC
Peter Palandjian - CEO, Intercontinental Real Estate Corporation
Adrian Sancho - Senior Vice President, Inverness Counsel, LLC
Brendon Vavrica, CFP - Consultant, AndCo Consulting

MOMENT OF SILENCE FOR STEPHEN CYPEN

Chairman Nolan called for a moment of silence in memory of Stephen Cypen, who passed away on February 6, 2022. Mr. Cypen provided legal counsel to the Board from 1969 to 2017. (Attachment # 2)

INTRODUCTION OF NEW FIRE AND POLICE PENSION OFFICE EMPLOYEE

Chairman Nolan introduced Frank Estevez, Assistant Director, and welcomed him to the pension office.

MINUTES

Regular Meeting of the Board of Trustees – January 20, 2022

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

Trustee Feldman arrived at 8:36 AM and Trustee Molina arrived at 8:38 AM.

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

Police Officer Jorge S. Mercado retired under the DROP program effective February 1, 2022, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Mercado had 22 years of pension service and met the eligibility for retirement by Tier 1, Rule of 70 and attainment of at least age 47. In addition, Officer Mercado purchased the 6% multiplier.

Firefighter Wayne A. Trentacosta retired under the DROP program effective February 1, 2022, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Firefighter Trentacosta had 11 years and 11 months of pension service and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Firefighter Trentacosta purchased the 6% multiplier.

Trustee Feldman made a motion to approve the pension service retirement for Officer Mercado and Firefighter Trentacosta and grant entry into the Deferred Retirement Option Plan (DROP). The motion was seconded by Chairman Nolan and unanimously carried. (Attachment #1-1 Schedule A)

COMMENCEMENT OF PENSION

Police Officer Miguel Noa was retired under the DROP program and resigned from City employment effective January 14, 2022. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Officer Antonio Ferbeyre was retired under the DROP program and resigned from City employment effective January 31, 2022. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Trustee Feldman made a motion to approve the commencement of pension for Officer Noa and Officer Ferbeyre. The motion was seconded by Secretary Frazier and unanimously carried. (Attachment #1-1 Schedule A)

DECEASED

Retired Firefighter Samuel R. Richter passed away on January 1, 2022. His pension has been discontinued as there are no beneficiaries under the Plan.

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

Retired Fire Captain John M. Morgan passed away on January 25, 2022. Widow Elizabeth Morgan 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 Johnson made a motion to approve the commencement of pension for Elizabeth Morgan. The motion was seconded by Secretary Frazier and unanimously carried. (Attachment #1-1 Schedule A)

PENSION BENEFITS TERMINATED

Beneficiary Nancy D. Reilly, widow of retired Police Division Major Louis J. Reilly, Sr., reached the end of her benefit period based on Major Reilly's normal life expectancy at time of death. Ms. Reilly's monthly benefit has been discontinued effective January 1, 2022.

Secretary Frazier made a motion to stop the monthly pension for Ms. Reilly. The motion was seconded by Trustee Johnson and unanimously carried. (Attachment #1-1 Schedule A)

FINANCIAL REPORT FOR FEBRUARY 2022

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 Secretary Frazier and unanimously carried. (Attachment #1-1 Schedule A)

BUYBACKS COVERING THE PERIOD OF JANUARY 21, 2022, THROUGH, FEBRUARY 17, 2022

The following buyback schedule included in the agenda packet was processed from January 21, 2022, through February 17, 2022:

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

Trustee Feldman made a motion to approve the buyback shown on the schedule. The motion was seconded by Chairman Nolan and unanimously carried. (Attachment #3)

COUNSEL

Legislative Update

Attorney Kaufman continues to follow the progress of SB 774 and corresponding HB 117, which include a COVID in line of duty presumption.

Another bill KKJL is monitoring is a worker's compensation benefit bill relating to PTSD. It would change the current 90-day filing requirement from the time of the incident that caused the manifestation or onset of the PTSD to filing within 90 days of the time PTSD is diagnosed by a medical professional.

KKJL will continue to keep the Board informed of any developments.

**INTERCONTINENTAL REAL ESTATE CORPORATION
PHIL DEENEY – DIRECTOR
PETER PALANDJIAN – CEO**

Portfolio Review

Phil Deeney and Peter Palandjian discussed in detail the Intercontinental Real Estate Corporation US REIF Client Review for the Fire and Police real estate portfolio as of December 31, 2021.

INVERNESS COUNSEL, LLC
ROBERT K. MADDOCK – SENIOR VICE PRESIDENT
ADRIAN K. SANCHO – SENIOR VICE PRESIDENT

Portfolio Review

Robert Maddock and Adrian Sancho reviewed in detail the Investment Commentary of the Fire and Police large cap and fixed income portfolio as of December 31, 2021.

ANDCO CONSULTING
BRENDON VAVRICA, CFP - CONSULTANT

Investment Performance Review

Brendon Vavrica provided the Investment Performance Review for the period ending December 31, 2021. In summary, the Fund's total fiscal year to date net return is 5.61% (October 1, 2021, through December 31, 2021).

Inverness Counsel S&P 500 – Period beginning 01/01/00 and ending 12/31/21

Inverness equity had an annualized return from inception of 8.77% compared to the S&P 500 Index of 7.53%. As of 12/31/21, the ending value of the Inverness portfolio including \$4,121,000 in cash equivalent was \$257,866,000.

Wellington Mgmt. Company Small Cap – Period beginning 07/01/99 and ending 12/31/21

Wellington equity had an annualized return from inception of 12.55% compared to the Russell 2000 Index of 8.75%. As of 12/31/21, the ending value of the Wellington portfolio was \$133,632,000.

Logan Capital Management Large Cap Growth – Period beginning 04/01/07 and ending 12/31/21

Logan equity had an annualized return from inception of 12.77% compared to the Russell 1000 Growth Index of 13.88%. As of 12/31/21, the ending value of the Logan portfolio including \$1,751,000 in cash equivalent was \$96,358,000.

RhumbLine Advisers Large Cap Value – Period beginning 01/01/17 and ending 12/31/21

RhumbLine equity index fund had an annualized return from inception of 11.11% compared to the Russell 1000 Value Index of 11.16%. As of 12/31/21, the ending value of the RhumbLine portfolio was \$70,742,000.

RhumbLine Advisers Mid Cap – Period beginning 07/01/97 and ending 12/31/21

RhumbLine equity index fund had an annualized return from inception of 11.34% compared to the S&P MidCap 400 Index of 11.35%. As of 12/31/21, the ending value of the RhumbLine portfolio including \$319,000 in cash equivalent was \$111,806,000.

RhumbLine Advisers International Equity - Period beginning 01/01/16 and ending 12/31/21

RhumbLine international equity index fund had an annualized return from inception of 8.24% compared to the MSCI EAFE Index of 8.60%. As of 12/31/21, the ending value of the RhumbLine portfolio was \$64,803,000.

JP Morgan Asset Management Real Estate - Period beginning 10/01/07 and ending 12/31/21

JP Morgan real estate, Strategic Property Fund (SPF), had an annualized return from inception of 6.05% compared to the NCREIF Index-Open End Diversified Core of 6.19%. As of 12/31/21, the ending value of the portfolio was \$59,044,000.

JP Morgan Asset Management Real Estate - Period beginning 01/01/21 and ending 12/31/21

JP Morgan real estate, Special Situation Property Fund (SSPF), had an annualized return from inception of 24.97% compared to the NCREIF Index-Open End Diversified Core of 22.99%. As of 12/31/21, the ending value of the portfolio was \$62,848,000.

Intercontinental Real Estate - Period beginning 04/01/18 and ending 12/31/21

Intercontinental real estate had an annualized return from inception of 9.27% compared to the NCREIF Index-Open End Diversified Core of 9.47%. As of 12/31/21, the ending value of the Intercontinental portfolio was \$60,623,000.

Allspring Global Investments International Bonds – Period beginning 10/01/11 and ending 12/31/21

Allspring international bonds had an annualized return from inception of .93% compared to the FTSE Non-U.S. World Government Bond Index of 0.29%. As of 12/31/21, the ending value of the Allspring portfolio was \$53,681,000.

Inverness Counsel Fixed Income – Period beginning 10/01/90 and ending 12/31/21

Inverness fixed income had an annualized return from inception of 5.90% compared to the ½ BBGIC and ½ BBGC Index of 5.52%. As of 12/31/21, the ending value of Inverness' fixed income portfolio including \$1,429,000 in cash equivalent was \$185,957,000; and the ending value of Inverness' cash was \$26,041,000.

Tocqueville Fixed Income – Period beginning 11/01/20 and ending 12/31/21

Tocqueville fixed income had an annualized return from inception of -0.91% compared to the ½ BCGIC and ½ BCGC Index of -0.46%. As of 12/31/21, the ending value of the Tocqueville's fixed income portfolio including \$989,000 in cash equivalent was \$49,276,000.

Grosvenor Institutional Partners, L.P. – Period beginning 11/01/20 and ending 12/31/21

Grosvenor Institutional Partners hedge fund had an annualized return from inception of 13.26% compared to the 90 day T-Bill + 5.0% Index of 5.06%. As of 12/31/21, the ending value of the Grosvenor Institutional Partners, L.P. hedge fund was \$11,564,000.

TOTAL FUND – Inverness / Wellington / Logan / RhumbLine / JP Morgan / Allspring / Intercontinental / Tocqueville / Grosvenor

As of 12/31/21, the ending value of the Fund was \$1,244,240,000. Of the \$1,244,240,000, the Cash Equivalent portion of the Fund was 2.78% or \$34,650,000. The results for the 12-month period ending 12/31/21 show that the Fund's net return of 15.19%, outperformed the benchmark indices of 14.99%.

During this 12-month period:

- Allspring outperformed the FTSE Non-U.S. World Government Bond Index
- Grosvenor significantly outperformed the 90 Day T-Bill +5% Index
- Intercontinental significantly underperformed the NCREIF Index-Open End Diversified Core
- Inverness outperformed the S&P 500 Index
- Inverness slightly underperformed the Index composed of ½ BBGIC and ½ BBGC
- JP Morgan's SSPF significantly outperformed the NCREIF Index-Open End Diversified Core
- JP Morgan's SPF significantly underperformed the NCREIF Index-Open End Diversified Core
- Logan underperformed the Russell 1000 Growth Index
- RhumbLine slightly underperformed the S&P Mid Cap 400 Index
- RhumbLine slightly underperformed the Russell 1000 Value Index
- RhumbLine slightly underperformed the MSCI EAFE Index
- Tocqueville slightly underperformed the Index composed of ½ BBGIC and ½ BBGC
- Wellington outperformed the Russell 2000 Index

Trustee Feldman had concerns about RhumbLine's non-compliance report. Mr. Vavrica explained that RhumbLine is an index fund, and their target is to match the benchmark, not exceed it. Next quarter he will suggest modifications to RhumbLine's compliance checklist which would be more suitable to RhumbLine's specific objectives.

Quarterly DROP Review

Mr. Vavrica provided a review of the Voya and Nationwide DROP investment options for the period ending December 31, 2021. He does not recommend any changes at this time.

The Board requested an evaluation of member participation in the various DROP funds. Mr. Vavrica agreed to provide a detailed report at the next quarterly meeting.

Asset Allocation Analysis – Discussion and possible action

In order to start a conversation about some different directions the Board could go if they were interested in any further diversification, Mr. Vavrica presented an asset allocation analysis. (Attachment # 4)

There were discussions on various subjects such as workforce housing, private equity vs public equity markets, and direct lending. The Board agreed to invite Mr. Vavrica to a future Board meeting for an educational session on Real Estate, Private Equity and Direct Lending, at no additional cost to the Fund.

DIRECTOR'S REPORT

Disability application received from Police Officer Robert K. Mitchell

Director Brito advised that Police Officer Robert K. Mitchell has applied for a service connected disability.

Budget Advisory Committee Meeting – February 8, 2022

Director Brito, Brendon Vavrica, and Nicolas Lahaye, Consultant and Actuary from Gabriel Roeder Smith & Company, attended the Budget Advisory Committee (BAC) meeting via Teams on February 8, 2022. Mr. Lahaye discussed the results from the October 1, 2020, actuarial valuation while Mr. Vavrica gave a market value update as of December 31, 2021.

The BAC expressed concerns about market volatility, interest rate assumptions, and funded ratios. A motion was made to urge both pension boards to consider further lowering the assumed investment rate of return in order to limit the City's exposure to possible future adjustments in the investment market. (Attachment # 5)

The Board acknowledged the motion as they consider their path to informatively continue to reduce the assumption.

2021 Affidavits

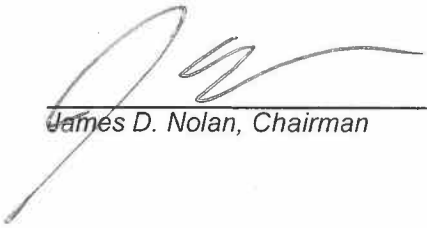
Director Brito updated the Board that the 2021 affidavit for beneficiary Ann Patton has not been received to date. Therefore, her pension benefit for February 2022 will continue to be stopped.

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

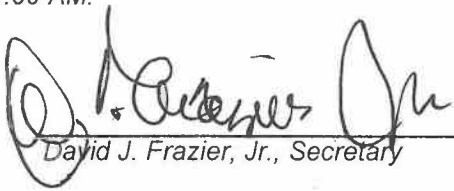
- A. Administrative Budget

ADJOURNMENT

Secretary Frazier made a motion to adjourn the meeting. The motion was seconded by Chairman Nolan and unanimously carried. The meeting was adjourned at 11:09 AM.



James D. Nolan, Chairman



David J. Frazier, Jr., Secretary