

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

942ND BOARD OF TRUSTEES MEETING

April 21, 2022

*COPIES OF MINUTES ARE BEING
PROVIDED WITHOUT ATTACHMENTS.*

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

**942ND MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

April 21, 2022

CALL TO ORDER

Meeting was called to order at 8:33 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

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
Frank Estevez	- Assistant Director
Myriame Jean-Baptiste	- Pension Administrator
Clara La Rosa	- Office Manager

Also present were:

Ben Baldrige	- Senior Research Analyst, AndCo Consulting
Justin Ellsesser	- Senior Research Analyst, AndCo Consulting
Shelly Jones	- Consultant and Actuary, Gabriel Roeder Smith & Company
David Julier	- Senior Research Analyst, AndCo Consulting
Brendon Vavrica, CFP	- Consultant, AndCo Consulting

MINUTES

Regular Meeting of the Board of Trustees – March 17, 2022

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 Feldman and unanimously carried.

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

Police Sergeant Elbys I. Camacho retired under the DROP program effective April 1, 2022, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Sergeant Camacho had 22 years and 5 months of pension service and met the eligibility for retirement by Tier 1, Rule of 70 and attainment of at least age 47. In addition, Sergeant Camacho purchased the 6% multiplier.

Police Officer Michelle A. Nord retired under the DROP program effective April 1, 2022, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Nord had 19 years and 4 months of pension service and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Officer Nord purchased the 6% multiplier.

Fire Lieutenant Isabel Ochoa retired under the DROP program effective April 1, 2022, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Lieutenant Ochoa had 22 years and 9 months of pension service and met the eligibility for retirement by Tier 1, Rule of 70 and attainment of at least age 47.

Trustee Cardeno made a motion to approve the pension service retirement for Sergeant Camacho, Officer Nord and Lieutenant Ochoa and grant entry into the Deferred Retirement Option Plan (DROP). The motion was seconded by Trustee Molina and unanimously carried. (Attachment #1-1 Schedule A)

COMMENCEMENT OF PENSION

Police Officer Matthew C. Atwell was retired under the DROP program and resigned from City employment effective March 10, 2022. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Trustee Otto Stewart made a motion to approve the commencement of pension for Officer Atwell. The motion was seconded by Chairman Nolan and unanimously carried. (Attachment #1-1 Schedule A)

DECEASED

Retired Police Officer Edward J. Bason passed away on March 3, 2022. His pension has been discontinued as there are no beneficiaries under the Plan.

Trustee Feldman made a motion to stop the monthly pension for Edward J. Bason. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #1-1 Schedule A)

Trustee Johnson made a motion to add beneficiary Ann Patton to the agenda. The motion was seconded by Trustee Feldman and unanimously carried.

Beneficiary Ann Patton, widow of retired Police Sergeant Edward J. Patton, passed away on March 17, 2022. The Director advised that Mrs. Patton's suspended pension benefits from January 2022, February 2022 and March 2022 have been paid. Her pension benefit as of April 1, 2022, has been discontinued as there are no other beneficiaries under the Plan.

Trustee Feldman made a motion to stop the monthly pension for Ann Patton. The motion was seconded by Trustee Johnson and unanimously carried. (Attachment #1-1 Schedule A)

FINANCIAL REPORT FOR APRIL 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 Chairman Nolan and unanimously carried. (Attachment #1-1 Schedule A)

BUYBACKS COVERING THE PERIOD OF MARCH 18, 2022, THROUGH APRIL 21, 2022

Police Officer Kevin Lantigua purchased 6 months of probationary service time with interest at 3%.

Trustee Molina made a motion to approve the buyback for Officer Lantigua. The motion was seconded by Chairman Nolan and unanimously carried. (Attachment #2)

COUNSEL

Update on disability application received from Police Officer Robert K. Mitchell

Attorney Kaufman advised that KKJL is awaiting medical reports from three of Officer Mitchell's doctors. In addition, one of the doctors on the Fund's Medical Board is Officer Mitchell's current doctor. The Director is working with Dr. Lupu to identify and refer a substitute doctor for this disability case.

Legislative Update

Trustee Johnson inquired if the Governor has signed the worker's compensation benefit bill relating to PTSD that was passed last month by the House and the Senate. Attorney Kaufman advised that the Governor has not signed the bill, but KKJL will continue to monitor its progress.

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

Revised Draft of 10/01/21 Actuarial Valuation – Discussion and possible action

Shelly Jones provided the revised draft of the Actuarial Valuation as of October 1, 2021.

In summary: The Actuarial Valuation develops the required minimum Retirement Fund payment under the Florida Protection of Public Employee Retirement Benefits Act and for Fire and Police Retirement Chapters 175 and 185. The minimum payment consists of payment of annual normal costs including amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. The minimum required contribution for fiscal year ending September 30, 2023, is \$52,354,458.

This total cost of \$52,354,458 is to be met by member, City and State (Share Plan) contributions. It is anticipated that member contributions will be \$7,002,005, the State (Share Plan) will contribute \$120,549 and the resulting minimum required City contribution will be \$45,231,904. The minimum required City contribution is a reduction of \$184,144 from the prior year.

For informational purposes only, the minimum required City contribution without the Maximum Benefit Limitations under Internal Revenue Code (IRC 415) would have been approximately \$52,414,000. The net minimum required City contribution to the Fund was lowered by approximately \$60,000 due to the requirements of the IRC 415.

Pursuant to a motion made at the March 17, 2022, board meeting, the investment return assumption has been lowered by 15 basis points from 7.55% down to 7.40%, net of investment expenses, compounded annually, with the expectation that the City's required contribution remains relatively the same as the year prior.

After various discussions, Trustee Johnson made a motion to accept the updated Actuarial Valuation as of October 1, 2021, as presented. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #3)

Trustee Carpenter made a motion to adopt 7.40% as the expected annual rate of return for the current year, for each of the next several years and for the long term thereafter. The motion was seconded by Chairman Nolan and unanimously carried.

ANDCO CONSULTING

BRENDON VAVRICA – CONSULTANT
BEN BALDRIDGE – SENIOR RESEARCH ANALYST
JUSTIN ELLSESSER – SENIOR RESEARCH ANALYST
DAVID JULIER – SENIOR RESEARCH ANALYST

Money Manager Updates

1. **Email dated February 22, 2022, from Dann Smith, Director, Institutional Client Relations & Business Development, Allspring Global Investments, regarding Peter Wilson's retirement**
2. **Email dated March 15, 2022, from Mark Pensec, Vice President, JP Morgan Asset Management, regarding changes to the Real Estate Americas team**
3. **Letter dated April 1, 2022, from Wayne Owen, CEO and General Partner, RhumbLine Advisers, regarding RhumbLine Organizational Update**

Brendon Vavrica advised that these organizational changes have been planned over time. Teams are in place to maintain the administration of the portfolios. Mr. Vavrica does not see any immediate issues with these overall structures. (Attachments #4, #5, #6)

Update on Russian Investments

1. **Email dated March 29, 2022, from AndCo Consulting, regarding a response from Allspring Global investments**

With regard to a motion made at the March 2022 board meeting instructing AndCo Consulting to divest from any investments in Russia as quickly as possible with the least amount of risk to the Fund, Mr. Vavrica reviewed in detail Allspring's email communication. Allspring advised that primarily the market is frozen and only hedge funds are buying bonds at this time for cents on the dollar. Perhaps in the future, even with Russia under a default scenario, there is a possibility to get 60-70 cents on the dollar. Allspring understands the Board's concerns and is hopeful to find a resolution that does not result in a material loss of capital. (Attachment #7)

The Board determined that it would be irresponsible to walk away from an \$840,000 investment for cents on the dollar. After various discussions, Mr. Vavrica agreed to explore if there are other portfolios that may have avoided the area prior to the conflict and do not have exposure to that part of the world. He will provide a report at the May meeting.

Educational Presentations on Alternative Investment Options

1. **Private Equity** – Presented by Justin Ellsesser, Senior Research Analyst
2. **Private Debt** – Presented by Ben Baldrige, Senior Research Analyst
3. **Real Estate** – Presented by David Julier, Senior Research Analyst

During the February 2022 meeting, the Board agreed to invite Mr. Vavrica for an educational session on Real Estate, Private Equity and Direct Lending. Senior Research Analysts from AndCo Consulting presented to the Board on the requested alternative investment options.

Mr. Vavrica reiterated that the reason for this discussion is that capital market assumptions are dramatically lower than they have been in the past. The Board wanted to look at options now that could potentially mitigate future challenges if forecasts end up being accurate.

After various discussions, the Board asked Mr. Vavrica to bring an expanded asset allocation for real estate and private equity along with potential managers to consider. Trustee Carpenter thanked AndCo Consulting for a thorough presentation, which was both informative and educational.

DIRECTOR'S REPORT

Request by the City of Miami Beach to use the Board's Actuary during their negotiation process

Director Brito advised that a few weeks ago, the City of Miami Beach made a request to use the Board's actuary to provide services with regard to questions that may come up during their contract negotiation process. The Director contacted Chairman Nolan who approved for the City to contract and directly pay for any services rendered to the City by the actuary. All information should be made available to the Board as soon as it is required to become available to the public.

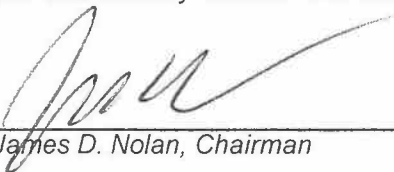
Trustee Carpenter made a motion to ratify Chairman Nolan's decision to allow the City of Miami Beach to contract and directly pay for any services rendered by the Board's actuary, Gabriel Roeder Smith & Company, during contract negotiations. The motion was seconded by Trustee Feldman and unanimously carried.

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

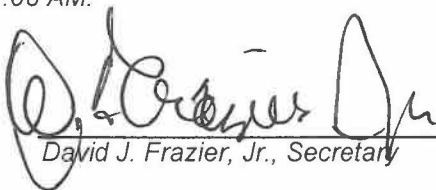
- A. Administrative Budget

ADJOURNMENT

Trustee Cardeno made a motion to adjourn the meeting. The motion was seconded by Trustee Otto Stewart and unanimously carried. The meeting was adjourned at 11:08 AM.



James D. Nolan, Chairman



David J. Frazier, Jr., Secretary