

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

941ST BOARD OF TRUSTEES MEETING

March 17, 2022

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

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

**941ST MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

March 17, 2022

CALL TO ORDER

Meeting was called to order at 8:31 AM by Acting Chairman Frazier.

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

ADMINISTRATION

Hernan D. Cardeno
Eric T. Carpenter
Tameka Otto Stewart

Absent was:

James D. Nolan - Police Department

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:

Shelly Jones - Consultant and Actuary, Gabriel Roeder Smith & Company
Nicolas Lahaye - Consultant and Actuary, Gabriel Roeder Smith & Company
John T. Rochford - Portfolio Manager, Tocqueville Asset Management L.P.
Brendon Vavrica, CFP - Consultant, AndCo Consulting
Joe Zock - Portfolio Manager, Tocqueville Asset Management L.P.

MINUTES

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

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

Committee Meeting – February 17, 2022

Minutes from the committee meeting were distributed as part of the agenda packet. Trustee Feldman made a motion to approve the minutes. The motion was seconded by Trustee Molina and unanimously carried.

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

Police Captain Ian M. Robinson retired under the DROP program effective March 1, 2022, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Captain Robinson had 23 years and 3 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, Captain Robinson purchased the 6% multiplier and 2 years of pre-employment public safety service time.

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Trustee Feldman made a motion to approve the pension service retirement for Captain Robinson 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 Captain Mildred G. Pfrogner was retired under the DROP program and resigned from City employment effective February 9, 2022. She is eligible to commence her monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Sergeant Jeffrey Motola was retired under the DROP program and resigned from City employment effective February 28, 2022. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Officer Traci L. Sierra was retired under the DROP program and resigned from City employment effective February 28, 2022. She is eligible to commence her 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 Captain Pfrogner, Sergeant Motola and Officer Sierra. The motion was seconded by Trustee Molina and unanimously carried. (Attachment #1-1 Schedule A)

DECEASED

Retired Police Officer Edward Feigenblatt passed away on February 18, 2022. Widow Beth Ann Feigenblatt 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 Nicholas made a motion to approve the commencement of pension for Beth Ann Feigenblatt. The motion was seconded by Trustee Feldman and unanimously carried. (Attachment #1-1 Schedule A)

VESTED SERVICE RETIREMENT

Trustee Cardeno made a motion to add vested service retirement for former Police Sergeant Philip A. Wirth to the agenda. The motion was seconded by Trustee Carpenter and unanimously carried.

Trustee Johnson joined the meeting at 8:36 AM.

Vested Police Sergeant Philip A. Wirth, upon attainment of age 50 on March 16, 2022, is eligible to receive pension benefits (vested rights – last day of work 10/21/2014) in accordance with the Miami Beach Code, Section 66(a)(b)(g). Mr. Wirth had 15 years and 8 months of service.

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

FINANCIAL REPORT FOR MARCH 2022

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

Trustee Feldman made a motion to accept the Financial Warrants as presented. The motion was seconded by Trustee Molina and unanimously carried. (Attachment #1-1 Schedule A)

BUYBACKS COVERING THE PERIOD OF FEBRUARY 18, 2022, THROUGH MARCH 17, 2022

The following buyback schedule was included in the agenda packet and processed from February 18, 2022, through March 17, 2022:

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

Trustee Molina made a motion to approve the buyback shown on the schedule. The motion was seconded by Trustee Feldman and unanimously carried. (Attachment #2)

COUNSEL

Legislative Update

During the past few months, proposed SB 774 and corresponding HB 117, which included a COVID in line of duty presumption, had been monitored very closely by KKJL. Attorney Kaufman advised that the proposed bills did not successfully pass and will not become law.

Attorney Kaufman commented that the only pension related benefit that passed during the session was the extension of the Florida Retirement System DROP period increasing from 5 to 8 years.

Regarding the worker's compensation benefit bill relating to PTSD, the bill passed the House and the Senate and is expected to be signed by the Governor. The bill changes 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. This gives public safety officers additional time to file a worker's compensation claim.

Written legal opinion request from the Florida Attorney General regarding purchase of pre-employment public safety service

Attorney Kaufman advised that the Attorney General's office is still reviewing whether or not they are going to give the pension board an opinion regarding the purchase of pre-employment public safety service. The Attorney General's office sought the Division of Retirement's expertise; unfortunately, the Division of Retirement declined to offer their assistance. Attorney Kaufman expects a response one way or another within the next month or two.

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

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

Shelly Jones and Nicolas Lahaye provided the preliminary Actuarial Valuation as of October 1, 2021, and discussed the results in detail.

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Pursuant to a motion made at the May 21, 2020, board meeting, the investment return assumption has been lowered by 5 basis points from 7.55% down to 7.5%, net of investment expenses, compounded annually. The resulting minimum required contribution for fiscal year ending September 30, 2023, is \$51,058,316. It is anticipated that member contributions will be \$7,002,005. The State contribution will be \$120,549 and the resulting minimum required City contribution will be \$43,935,762.

Ms. Jones advised that the Board has achieved the long term expected annual rate of return of 7.5%. Unfortunately, the State and the capital market outlook expectations for future inflation and real returns still recommend lowering the assumption quite a bit. For comparison purposes, the Florida Retirement System's assumption is currently 6.8%.

Because this particular year the market value did so well, the Fund now has \$96,467,071 in deferred gains on assets. Ms. Jones stated that this presents a rare opportunity to apply a Fresh Start Methodology change that could be done this year only. This would enable the Fund to immediately recognize the deferred gains on assets, and strengthen the investment return assumption from 7.5% to 7.1%. There would be no increase to the City's contribution since all of the deferred gains would be used this year. The downside is that the deferred gains on assets would not be available to cushion future returns lower than 7.1%. However, if next year's return does come below the assumption, the loss would be smoothed over 5 years on the asset side and would be amortized over 30 years.

Additionally, an alternative option could be to reduce the interest rate assumption to 7.4% and keep the City's required contribution the same as last year at approximately \$45 million. The Board could then conduct an investment return assumption study in the upcoming months in order to make an informed decision on what the long term expected rate of return should be.

The Board discussed several options, and agreed that there is no urgency to fully recognize the deferred gains on assets this year and risk the future strength of the Fund in order to immediately lower the interest rate assumption to 7.1%. They recognize that they have to continue along the path of scaling down the assumption, but how far and how fast has to be studied. Attorney Kaufman agreed and does not anticipate that the State will have an issue with the investment return assumption as long as there is downward progress.

After various discussions, Trustee Johnson made a motion to lower the investment return assumption for the September 30, 2021, valuation by 15 basis points from 7.55% to 7.4%, with the expectation that the City's required contribution will remain relatively the same as last year. GRS will provide a revised September 30, 2021, actuarial valuation at the April 2022 meeting for the Board's approval, for a fee not to exceed \$8,600. The motion was seconded by Trustee Otto Stewart and unanimously carried.

Trustee Carpenter remarked that it is important to understand that although the funded ratio and the unfunded actuarial accrued liability will not show a tremendous positive movement, the Board is reducing the assumed rate of return so there is a greater chance of achieving positive market returns. The Board agreed that they are making substantial improvement on the long term health of the Fund.

The Board requested that GRS prepare an engagement letter for an investment return assumption study to be conducted over the summer.

TOCQUEVILLE ASSET MANAGEMENT L.P.
JOHN T. ROCHFORD – PORTFOLIO MANAGER
JOE ZOCK – PORTFOLIO MANAGER

Portfolio Review

Joe Zock and John Rochford reviewed in detail the Investment Commentary of the Fire and Police fixed income portfolio as of March 14, 2022.

RECOMMENDATION FROM THE COMMITTEE MEETING REGARDING ANNUAL PERFORMANCE AND SALARY REVIEW FOR THE FIRE AND POLICE PENSION EXECUTIVE DIRECTOR

Trustee Johnson summarized for the Board the February 17, 2022, committee meeting with Director Brito. He made a recommendation for Director Brito to receive a 7% base salary increase.

There were various discussions regarding how the Director effectively executed last year's buyback program, developed what is anticipated to be the executive director's succession plan, and how the office remains operationally hands-on instead of outsourcing responsibilities, which keeps operating expenses low.

Trustee Carpenter and Trustee Otto Stewart expressed disagreement with the percentage amount. There were various discussions about unclassified annual increases and the difference between a cost of living increase and a merit increase.

After a fair amount of debate, Secretary Frazier made a motion to increase the Director's base salary by 5%, as of April 1, 2022. The motion was seconded by Trustee Feldman and a vote was taken as follows:

NAME OF TRUSTEE	VOTE
Trustee Cardeno	Y
Trustee Carpenter	Y
Trustee Feldman	Y
Secretary Frazier	Y
Trustee Johnson	N
Trustee Molina	Y
Trustee Nicholas	Y
Chairman Nolan	Absent
Trustee Otto Stewart	Y

The motion carried, 7-1.

DIRECTOR'S REPORT

Engagement letter from KSDT

The Director provided letter dated March 10, 2022, from KSDT, for engagement of their services for the Financial Statements year ending September 30, 2022. The letter has been reviewed by the Director and the Board's Attorney. The annual fee increased by 5% to \$26,250 plus travel and other out of pocket expenses if applicable (not to exceed \$125). Additionally, there will be a charge of \$1,500 for implementation of the GASB 87, Lease Accounting.

Trustee Feldman made a motion to approve the letter of engagement from KSDT and direct the Chairman to execute the letter as presented. The motion was seconded by Trustee Otto Stewart and unanimously carried. (Attachment #3)

Investment in Russian Assets

The Director advised that she was asked if the Fund had any investments in Russia. Pursuant to memorandum dated March 10, 2022, from Brendon Vavrica, the Fund has a small amount of direct exposure through Allspring Global Investments (1.49% of their portfolio). In addition, the Fund has a small amount of indirect exposure due to the global nature of many U.S. corporations.

There were various discussions about the Board's duty as part of the greater good around the world to divest the Fund of any direct investments in Russian commodities.

Trustee Carpenter made a motion to direct AndCo Consulting to divest from any investments in Russia as quickly as possible with the least amount of risk to the Fund. The motion was seconded by Trustee Feldman and unanimously carried. (Attachment #4)

***NCPERS 2022 Annual Conference and Exhibition, May 22 – 25, 2022, Washington, D.C.
NCPERS Accredited Fiduciary (NAF) Program, May 21 – 22, 2022, Washington, D.C.
NCPERS Trustee Education Seminars (TEDS), May 21 – 22, 2022, Washington, D.C.***

Trustee Feldman made a motion to allow any trustee and pension office staff to attend the NCPERS 2022 Annual Conference and Exhibition (ACE), Accredited Fiduciary Program (NAF), and Trustee Education Seminars (TEDS) scheduled to take place in Washington, D.C., from May 21 – 25, 2022. The motion was seconded by Trustee Molina and unanimously carried.

2021 Affidavits

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

Benefit Statements

Director Brito advised that every year all active members receive an updated benefit statement. This year the Estimated Statement of Benefits were prepared as of payroll period ending December 19, 2021, and mailed in February 2022. Assistant Director, Frank Estevez, did an exceptional job reviewing every statement to ensure that any buyback purchase during the 2021 buyback window was accurately included in the statements.

Money Managers inquiry to attend Pension Board meetings in person

A number of Money Managers have asked the Director if they may resume attending the pension board meetings in person.

Trustee Johnson made a motion to allow Money Managers to attend the pension board meetings in person if they so choose. The motion was seconded by Trustee Feldman and unanimously carried.

The Ward Family Thank You letter

A Thank You letter from the Ward Family expressed appreciation for the assistance provided by Myriame Jean-Baptiste during the difficult time of their Mother's passing. The Director stated that this is a direct reflection of Myriame's compassion for the retirees and the beneficiaries. It is one of her greatest strengths. (Attachment #5)

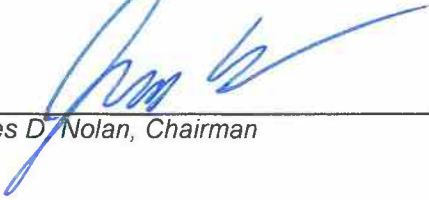
For the Board's information, the following items were distributed as either part of the Agenda or meeting packet:

- A. Form-1 2021 Statement of Financial Interests – to be filed by 07/01/2022*
- B. Administrative Budget*

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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 10:24 AM.



James D. Nolan, Chairman

David J. Frazier, Jr., Secretary