

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

950TH BOARD OF TRUSTEES MEETING

March 16, 2023

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

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

**950TH MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

March 16, 2023

CALL TO ORDER

Meeting was called to order at 8:32 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
Tameka Otto Stewart

Absent were:

Eric T. Carpenter	- Administration
James D. Nolan	- Police Department

Present were:

Robert D. Klausner, 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:

Francois Betancourt	- Fire Captain, City of Miami Beach
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.
Victor A. White	- Fire Division Chief, City of Miami Beach
Joseph Zock	- Portfolio Manager, Tocqueville Asset Management L.P.

MINUTES

Regular Meeting of the Board of Trustees – January 19, 2023

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

Committee Meeting – February 16, 2023

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

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

Firefighter Marco Almodovar retired under the DROP program effective February 1, 2023, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Firefighter Almodovar had 15 years of pension service and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Firefighter Almodovar purchased the 6% multiplier.

950th Meeting of the Board of Trustees
March 16, 2023

Police Sergeant Osvaldo Ramos retired under the DROP program effective February 1, 2023, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Sergeant Ramos had 24 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, Sergeant Ramos purchased the 6% multiplier.

Trustee Molina made a motion to approve the pension service retirement for Firefighter Almodovar and Sergeant Ramos and grant entry into the DROP. The motion was seconded by Trustee Feldman and unanimously carried. (Attachment #1-1 Schedule A)

COMMENCEMENT OF PENSION

Police Officer Kathleen M. Prieto, who was retired under the DROP program, resigned from City employment effective January 13, 2023. She is eligible to commence her monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Lieutenant Jorge E. Garcia, who was retired under the DROP program, resigned from City employment effective January 31, 2023. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Officer Daniel Erben, who was retired under the DROP program, resigned from City employment effective February 28, 2023. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Officer Cloris L. Vazquez, who was retired under the DROP program, resigned from City employment effective February 28, 2023. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Trustee Molina made a motion to approve the commencement of pension for Officer Prieto, Lieutenant Garcia, Officer Erben and Officer Vazquez. The motion was seconded by Trustee Feldman and unanimously carried. (Attachment #1-1 Schedule A)

DEFERRED VESTED SERVICE RETIREMENT – PAYABLE AT AGE 50

Police Officer Wilmer A. Mendoza resigned with vested rights on February 28, 2022. Officer Mendoza had 10 years and 5 months of pension service time. Officer Mendoza will be eligible for pension benefits at age 50 on December 30, 2029.

DECEASED

Retired Police Officer Leonardo J. Gonzalez passed away on December 13, 2022. His pension has been discontinued as of January 1, 2023, as there are no beneficiaries under the Plan.

Trustee Molina made a motion to stop the monthly pension for Leonardo J. Gonzalez. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #1-1 Schedule A)

Retired Police Officer George H. Astel passed away on February 15, 2023. Widow Rosemary S. Astel 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 Molina made a motion to approve the commencement of pension for Rosemary S. Astel. The motion was seconded by Trustee Feldman and unanimously carried. (Attachment #1-1 Schedule A)

950th Meeting of the Board of Trustees
March 16, 2023

Beneficiary Dianne S. McNiven, widow of retired Police Officer Ronald M. McNiven, passed away on January 25, 2023. Her pension has been discontinued as of February 1, 2023, as there are no other beneficiaries under the Plan.

Trustee Molina made a motion to stop the monthly pension for Dianne S. McNiven. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #1-1 Schedule A)

PENSION BENEFITS TERMINATED – MARCH 2023

Beneficiary Martha Cummings, widow of retired Police Lieutenant Forrest E. Cummings, reached the end of her benefit period based on Lieutenant Cummings' normal life expectancy at time of death. Ms. Cummings' monthly benefit has been discontinued effective March 1, 2023.

Trustee Molina made a motion to stop the monthly pension for Martha Cummings. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #1-1 Schedule A)

LUMP SUM REFUND

Former Police Officer Daniel R. Taylor's last day of work was January 15, 2023. He had less than 5 years of pension service time, so he was not vested. Mr. Taylor requested a lump sum refund of his employee contributions with interest.

Trustee Molina made a motion to approve the lump sum refund of employee contributions with interest to Daniel R. Taylor. The motion was seconded by Trustee Cardeno and unanimously carried. (Attachment 1-1 Schedule A)

FINANCIAL REPORT FOR FEBRUARY 2023

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

Director Brito advised that since the February 2023 board meeting was cancelled, Financial Warrants #5230-5236 have to be ratified for February 2023.

Trustee Molina made a motion to approve the ratification of Warrants #5230-5236. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #1, February 2023)

FINANCIAL REPORT FOR MARCH 2023

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

Trustee Nicholas made a motion to accept the Financial Warrants as presented. The motion was seconded by Trustee Molina and unanimously carried. (Attachment #1, March 2023)

COUNSEL

Legislative Update

Attorney Robert D. Klausner advised that proposed House Bill (HB 3), which will require substantial amounts of reporting for Environmental, Social and Governance (ESG), is being closely monitored by KKJL at this time.

Update on the outstanding issue regarding the purchase of pre-employment public safety service

In August 2021, a request was made that the Board allow the purchase of pre-employment public safety service for members who received a refund of both employer and employee contributions from a prior employer's defined contribution plan. In May 2022, the State of Florida Attorney General did not provide an opinion addressing the Board's questions, so Attorney Klausner advised that without the Attorney General's opinion, the Board cannot knowingly disregard section 112.65(2), section 175.032(6)(c) and section 185.02(7)(c), Florida Statutes, which in layman's terms state that a member cannot receive a pension benefit from two different employers covering the same period of time. Thus, Trustee Carpenter made the following motion:

To deny the purchase of pre-employment public safety service to any member who took a taxable distribution of employer contributions and received a benefit beyond the return of their own employee contributions, and to defer any action pending an inquiry from Counsel regarding members who may be able to return the employer contributions and any earnings attributable to those contributions to their prior employer.

Attorney Klausner advised that for the two FRS members who took a distribution and rolled the employer contribution into another qualified retirement plan, FRS does not have the ability to take the money back. Because of tax issues, they cannot unwind a rollover for someone who is no longer employed by their former department. Unfortunately, the Board is unable to convert these members' multiplier buybacks to pre-employment public safety service.

Regarding the member who left his money in the Federal Employees Retirement System (FERS), if the member rolls out only the amount of his employee contributions plus accrued interest, and disclaims the employer contribution plus earnings, then that member would be allowed to convert his multiplier buyback to pre-employment public safety service. The member must provide proof that he closed his FERS account, forfeited any employer contributions associated with his account, and will not receive a future benefit from FERS.

Regarding the two Seminole Tribe members who took a distribution and rolled the employer contribution into another qualified retirement plan, the Tribe is governed differently and may be able to accept a return of the employer portion of the distribution as a donation. Because of privacy issues, the Tribe's HR department would not speak to Attorney Klausner unless the individuals were present. Thus, Attorney Klausner offered to facilitate a conference call between the members, himself, and the Tribe's HR / Legal departments in order to discuss what the members are trying to accomplish and to ask whether the Tribe would accept their employer contributions back as a donation. (Attachment #2)

EMAIL DATED FEBRUARY 14, 2023, FROM FIRE CAPTAIN FRANCOIS BETANCOURT REGARDING REQUEST TO REDUCE HIS ADDITIONAL MULTIPLIER BUYBACK FROM 6% TO 3%

Fire Captain Francois Betancourt advised that in April 2024 he will reach the 85% maximum pension benefit prior to attaining age 47. As a result, the following Section 66(a)(4) of the Plan Document applies to his pension benefit:

"Any member hired prior to July 14, 2010 who completes a buyback of prior Creditable Service prior to September 30, 2013 and reaches the maximum pension benefit of 85% of average monthly Salary prior to attaining age 47, the employee contribution shall cease on the date such employee reaches the 85% maximum pension benefit, and his/her final average monthly Salary will be frozen on the same date".

950th Meeting of the Board of Trustees
March 16, 2023

Captain Betancourt explained that in 2013, he was afforded the opportunity to purchase the 6% additional multiplier buyback, which was the prudent decision at that time. His circumstances have changed, and he is now interested to work a little longer to earn higher pensionable wages until his desired DROP date of February 2025. Consequently, he is requesting a 3% refund of his additional multiplier buyback.

Attorney Klausner remarked that he appreciates Captain Betancourt's changing circumstances. Unfortunately, the purchase was made with pre-taxed sick leave and any refund would be made as a taxable distribution. The Plan currently does not have a provision that would allow an in-service taxable distribution to satisfy this request. As a vested member of the Plan, the only way to get a refund is to terminate employment with the City of Miami Beach and request a taxable distribution.

Attorney Klausner suggested that changes to the Plan can be negotiated between the City and the Unions.

Trustee Johnson offered a different option for the Board's consideration: Could Captain Betancourt abandon 3% of his additional multiplier and the Plan absorbs the cost as a donation? Attorney Klausner responded that he needed time to consider this option and will prepare a written opinion which he will present at the April 2023 board meeting.

Trustee Johnson made a motion to defer this matter until further advice from Counsel. The motion was seconded by Trustee Feldman and unanimously carried. (Attachment #3)

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

Phase Two: Investment Return / Capital Market Assumption Study

At the July 2022 board meeting, the Board agreed that they have to continue along the path of reducing the investment return assumption to get to a reasonable rate that will consistently be met. GRS was asked to illustrate the financial impact of the following deterministic scenarios:

1. Lower the assumption by 5 basis points a year over the next 2 years and 10 basis points a year over the third year to achieve a 7.2% assumed rate of return.
2. Lower the assumption by 10 basis points a year over the next 4 years to achieve a 7.0% assumed rate of return.
3. Lower the assumption by 7.5 basis points a year over the next 4 years to achieve a 7.1% assumed rate of return.
4. Lower the assumption by 10 basis points a year over the next 6 years to achieve a 6.8% assumed rate of return.

Ms. Shelly Jones discussed the results of phase two of the Investment Return / Capital Market Assumption Study in detail and advised that the baseline projection incorporates the data used to prepare the October 1, 2022, valuation.

After various discussions regarding the advantages and disadvantages of each scenario, Trustee Johnson made a motion to lower the investment return assumption by 5 basis points a year for the October 1, 2022, and the October 1, 2023, actuarial valuation, and 10 basis points a year for the October 1, 2024, actuarial valuation to achieve a long-term expected annual rate of return of 7.2%. The Board will re-evaluate the assumption as needed. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #4)

Update the interest rate for the definition of actuarial equivalence

Ms. Jones explained that actuarial equivalence in this plan is used in two different circumstances:

1. To determine life expectancies if the surviving spouse was married to the deceased member for less than 10 years, or the domestic partnership was registered for less than 10 years, then the benefits are payable for a period no longer than the normal life expectancy of the deceased member at time of death.
2. To convert one form of benefit payment to another form of benefit payment. For example, to convert the standard benefit to a 10-year certain and life benefit, or life of member only benefit, or joint and survivor benefit.

For all purposes of actuarial equivalence, Ms. Jones recommended reducing the current long-term interest rate from 7.5% to 7.2% beginning October 1, 2023. At this time, she does not recommend a change to the mortality tables as the current mortality tables used for funding and actuarial equivalence are the same. Ms. Jones explained that keeping the definition of actuarial equivalence up to date assures that the optional forms of payment are priced fairly for both the members and the Plan and life expectancies are properly determined. An actuarial impact statement would be issued showing no cost on funding for these changes.

Trustee Johnson made a motion to change the plan's definition of actuarial equivalence by adopting the recommended long-term interest rate of 7.2% effective October 1, 2023. The change shall be applied when a beneficiary benefit is limited to a period no longer than the normal life expectancy of a deceased member at the time of death and when calculating optional forms of benefit payments. The motion was seconded by Trustee Nicholas and unanimously carried.

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

Portfolio Review

Joe Zock and John T. Rochford reviewed in detail the investment commentary of the Fire and Police fixed income portfolio as of December 31, 2022.

ORDINANCE NO. 2023-4533 PASSED AND ADOPTED BY THE CITY COMMISSION ON FEBRUARY 1, 2023

A copy of Ordinance No. 2023-4533 was provided in the Agenda packet. In summary, the pension changes are: (Attachment #5)

Sec. 62. Definitions:

- To amend the definition of Actuarial Assumptions (for the calculation of optional forms of benefits).

Sec. 76. Board of Trustees:

- To amend the Board of Trustees' term from 2 years to 3 years and to stagger elections annually.

Sec. 65. Computation of creditable service; service record; and

Sec. 90. Benefits for members hired on or after May 8, 2019, for International Association of Firefighters, Local 1510 (IAFF) and on or after July 31, 2019, for Fraternal Order of Police, William Nichols Lodge No. 8 (FOP)

- To allow Firefighters, regardless of date of hire, to receive service credit under the Fire and Police Plan for prior service under the Miami Beach Employees' Retirement Plan.

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

Trustee Feldman made a motion to increase the Director's base salary by 3%, as of April 1, 2023. The motion was seconded by Trustee Nicholas and unanimously carried.

DIRECTOR'S REPORT

Update on the Budget Advisory Committee Meeting held on February 14, 2023

Director Brito, Frank Estevez, Brendon Vavrica, Shelly Jones and Trustee Johnson attended the Budget Advisory Committee (BAC) meeting via Teams on February 14, 2023. Ms. Jones reviewed the actuarial assumptions. She advised that next month GRS is presenting an Investment Return / Capital Market Assumption Study so the Board can make an educated decision to possibly continue along the path of lowering the interest rate assumption. Mr. Vavrica briefly reviewed the September 30, 2022, fiscal year end returns, and gave a market value update as of January 31, 2023, which mainly focused on the rebound of the markets.

Trustee Johnson recommended that a Trustee attend the annual BAC meeting each year in order for the Committee to hear about the Fund from a Trustee's perspective.

**NCPERS 2023 Annual Conference & Exhibition (ACE), May 21 - 24, 2023, New Orleans, LA
NCPERS Accredited Fiduciary (NAF) Program, May 20 - 21, 2023, New Orleans, LA
NCPERS Trustee Education Seminars (TEDS), May 20 - 21, 2023, New Orleans, LA**

Trustee Johnson made a motion to allow any trustee to attend the NCPERS 2023 Annual Conference and Exhibition (ACE), Accredited Fiduciary Program (NAF), and Trustee Education Seminars (TEDS) scheduled to take place in New Orleans, LA, from May 20 - 24, 2023. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #6)

2023 Board of Trustees Election Schedule

The Director provided the 2023 Board of Trustees Election Schedule and commented that the same procedure used in prior years will be used again this year. In addition, all communication will be updated to include information about the change from a 2-year to a 3-year staggered election cycle. (Attachment #7)

2022 Affidavits

Director Brito reported that the 2022 affidavits for retiree Gary J. Miano and Angel L. Medina, Jr. have been received. Their pension benefits have been reinstated as of January 2023.

Employee 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 18, 2022, and mailed on March 3, 2023.

2022 Annual State Report

The Director explained that even though the Annual State Report was ready to be filed online by the deadline of March 15, 2023, there was an issue with the negative gain of investments which the State's website could not accept. Frank Estevez notified the Division of Retirement about the problem, and they acknowledged that they are working on a repair. The Annual State Report will be uploaded as soon as the repair has been completed.

Bookkeeping Services

Director Brito advised that Joan Wall, the Fund's bookkeeper for over 40 years, retired as of January 1, 2023. In consultation with the Chairman and Attorney Kauffman, Allison Williams has been engaged to provide bookkeeping/accounting services for the Fund.

Trustee Johnson acknowledged the Board's appreciation for Ms. Walls' 40 years of dedicated service to the Fund.

The Director advised that even though the office hours remain the same from 7:30 AM - 4:00 PM, her hours have changed to 6:30 AM - 3:00 PM.

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

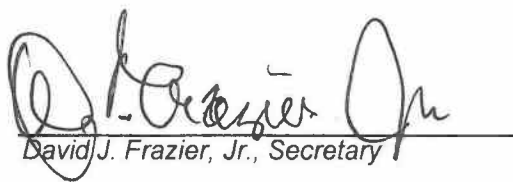
- A. Form-1 2022 Statement of Financial Interests – to be filed by 07/01/2023*
- B. Administrative Budget*
- C. Investment Expenses Fiscal Year vs. Budget*
- D. Accrued Investment Expenses Years 2018 - 2022*

ADJOURNMENT

Trustee Feldman made a motion to adjourn the meeting. The motion was seconded by Trustee Cardeno and unanimously carried. The meeting was adjourned at 10:48 AM.



James D. Nolan, Chairman



David J. Frazier, Jr., Secretary