

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

**952<sup>ND</sup> BOARD OF TRUSTEES MEETING**

**May 18, 2023**

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

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

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

**May 18, 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.  
Dwight M. Nicholas

POLICE DEPARTMENT

Steven L. Feldman  
Daniel D. Molina

ADMINISTRATION

Hernan D. Cardeno  
Eric T. Carpenter  
Tameka Otto Stewart

Absent were:

Paul D. Johnson - Fire Department  
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:

Robert K. Maddock - Senior Vice President, Inverness Counsel, LLC  
Adrian Sancho - Senior Vice President, Portfolio Manager, Inverness Counsel, LLC  
Brendon Vavrica, CFP - Consultant, AndCo Consulting

**MINUTES**

**Regular Meeting of the Board of Trustees – April 20, 2023**

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 Molina and unanimously carried.

**DECEASED**

Retired Police Sergeant Ronald S. Morgan passed away on April 10, 2023. Widow Sharon K. Morgan will receive a benefit under the code of the City of Miami Beach, Section 69(a)(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.

Retired Firefighter Thomas W. Cross passed away on April 13, 2023. Widow Denise K. Cross will receive a benefit under the code of the City of Miami Beach, Section 69(a)(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.

**952<sup>nd</sup> Meeting of the Board of Trustees**  
**May 18, 2023**

Trustee Nicholas made a motion to approve the commencement of pension for Sharon K. Morgan and Denise K. Cross. The motion was seconded by Trustee Molina and unanimously carried. (Attachment #1-1 Schedule A)

Beneficiary Grisel Morris, widow of retired Firefighter Lon A. Morris, passed away on March 29, 2023. Her pension has been discontinued as of April 1, 2023, as there are no other beneficiaries under the Plan.

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

**FINANCIAL REPORT FOR MAY 2023**

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

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

**BUYBACKS COVERING THE PERIOD OF APRIL 21, 2023, THROUGH MAY 18, 2023**

The following buyback schedule included in the agenda packet was processed from April 21, 2023, through May 18, 2023:

- Buybacks of probationary service time with interest at 3%

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

**COUNSEL**

**Legislative Update**

Attorney Kaufman advised that House Bill 3 (HB 3) was signed into law and will go into effect on July 1, 2023. HB 3 directs that all governmental pension funds' investment decisions, as already stipulated within the Board's fiduciary responsibilities, should be made to achieve the highest rate of return and not to exclusively further any environmental, social or governance (ESG) issues.

Both Attorney Kaufman and Brendon Vavrica are of the opinion that other than several administrative reporting requirements, no changes will be necessary to the current investments.

KKJL will draft a memorandum summarizing the HB 3 law and its requirements.

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

**Portfolio Review**

Robert Maddock and Adrian Sancho reviewed in detail the Investment Commentary of the Fire and Police Pension Equity and Fixed Income portfolio as of March 31, 2023.

**ANDCO CONSULTING**  
**BRENDON VAVRICA – CONSULTANT**

**Investment Performance Review**

Brendon Vavrica provided the Investment Performance Review for the period ending March 31, 2023. In summary, the Fund's total fiscal year to date net return is 7.08% (October 1, 2022, through March 31, 2023).

Inverness Counsel S&P 500 - Period beginning 01/01/2000 and ending 03/31/2023

Inverness equity had an annualized return from inception of 7.53% compared to the S&P 500 Index of 6.53%. As of 03/31/2023, the ending value of the Inverness equity portfolio including \$4,099,000 in cash equivalent was \$187,152,000.

Wellington Management Company Small Cap - Period beginning 07/01/1999 and ending 03/31/2023

Wellington equity had an annualized return from inception of 10.91% compared to the Russell 2000 Index of 7.36%. As of 03/31/2023, the ending value of the Wellington portfolio was \$110,203,000.

Logan Capital Management Large Cap Growth - Period beginning 04/01/2007 and ending 03/31/2023

Logan equity had an annualized return from inception of 10.20% compared to the Russell 1000 Growth Index of 11.26%. As of 03/31/2023, the ending value of the Logan portfolio including \$1,950,000 in cash equivalent was \$77,947,000.

RhumbLine Advisers Large Cap Value - Period beginning 01/01/2017 and ending 03/31/2023

RhumbLine equity index fund had an annualized return from inception of 7.61% compared to the Russell 1000 Value Index of 6.65%. As of 03/31/2023, the ending value of the RhumbLine portfolio was \$66,098,000.

RhumbLine Advisers Mid Cap - Period beginning 07/01/1997 and ending 03/31/2023

RhumbLine equity index fund had an annualized return from inception of 10.32% compared to the S&P MidCap 400 Index of 10.33%. As of 03/31/2023, the ending value of the RhumbLine portfolio including \$635,000 in cash equivalent was \$100,869,000.

RhumbLine Advisers International Equity - Period beginning 01/01/2016 and ending 03/31/2023

RhumbLine international equity index fund had an annualized return from inception of 5.73% compared to the MSCI EAFE Index of 6.06%. As of 03/31/2023, the ending value of the RhumbLine portfolio was \$60,357,000.

J.P. Morgan Asset Management Real Estate - Period beginning 10/01/2007 and ending 03/31/2023

J.P. Morgan real estate, Strategic Property Fund (SPF), had an annualized return from inception of 5.58% compared to the NCREIF Index-Open End Diversified Core of 5.99%. As of 03/31/2023, the ending value of the portfolio was \$58,222,000.

J.P. Morgan Asset Management Real Estate - Period beginning 01/01/2021 and ending 03/31/2023

J.P. Morgan real estate, Special Situation Property Fund (SSPF), had an annualized return from inception of 6.70% compared to the NCREIF Index-Open End Diversified Core of 11.95%. As of 03/31/2023, the ending value of the portfolio was \$57,352,000.

Intercontinental Real Estate - Period beginning 04/01/2018 and ending 03/31/2023

Intercontinental real estate had an annualized return from inception of 7.60% compared to the NCREIF Index-Open End Diversified Core of 8.03%. As of 03/31/2023, the ending value of the Intercontinental portfolio was \$62,706,000.

Allspring Global Investments International Bond - Period beginning 10/01/2011 and ending 03/31/2023

Allspring international bonds had an annualized negative return from inception of -1.33% compared to the FTSE Non-U.S. World Government Bond Index of -1.58%. As of 03/31/2023, the ending value of the Allspring portfolio was \$42,050,000.

Inverness Counsel Fixed Income - Period beginning 10/01/1990 and ending 03/31/2023

Inverness fixed income had an annualized return from inception of 5.42% compared to the ½ BBGIC and ½ BBGC Index of 5.01%. As of 03/31/2023, the ending value of the Inverness fixed income portfolio including \$1,294,000 in cash equivalent was \$162,914,000; and the ending value of Inverness' cash was \$8,222,000.

Tocqueville Asset Management Fixed Income - Period beginning 11/01/2020 and ending 03/31/2023

Tocqueville fixed income had an annualized negative return from inception of -2.76% compared to the ½ BBGIC and ½ BBGC Index of -3.82%. As of 03/31/2023, the ending value of the Tocqueville fixed income portfolio including \$823,000 in cash equivalent was \$46,633,000.

Grosvenor Institutional Partners, L.P. - Period beginning 11/01/2020 and ending 03/31/2023

Grosvenor Institutional Partners hedge fund had an annualized return from inception of 4.19% compared to the 90 day T-Bill + 5.0% Index of 6.13%. As of 03/31/2023, the ending value of the Grosvenor Institutional Partners, L.P. hedge fund was \$11,042,000.

Vanguard Total Stock Market (VTSAX) - Period beginning 09/01/2022 and ending 03/31/2023

Vanguard Total Stock Market had an annualized return from inception of 4.17% compared to the CRSP U.S. Total Market TR Index of 4.17%. As of 03/31/2023, the ending value of the Vanguard Total Stock Market (VTSAX) fund was \$2,760,000.

Affiliated Housing Impact Fund LP - Period beginning 11/01/2022 and ending 03/31/2023

As of 03/31/2023, the ending value of the Affiliated Housing Impact Fund LP was \$2,004,000.

Artemis Real Estate Partners Fund IV - Period beginning 11/01/2022 and ending 03/31/2023

As of 03/31/2023, the ending value of the Artemis Real Estate Partners Fund IV was \$303,000.

TerraCap Partners V - Period beginning 11/01/2022 and ending 03/31/2023

As of 03/31/2023, the ending value of the TerraCap Partners V fund was \$5,318,000.

50 South Private Equity Core X - Period beginning 11/01/2022 and ending 03/31/2023

As of 03/31/2023, the ending value of the 50 South Private Equity Core X fund was \$1,208,000.

TOTAL FUND: Allspring / Grosvenor / Intercontinental / Inverness / J.P. Morgan / Logan / RhumbLine / Tocqueville / Vanguard / Wellington

As of 03/31/2023, the ending value of the Fund was \$1,063,359,000. Of the \$1,063,359,000, the cash equivalent portion of the Fund was 1.60% or \$17,024,000. The results for the 12-month period ending 03/31/2023 show that the Fund's net return of -6.31%, underperformed the benchmark indices of -5.06%.

During this 12-month period:

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

**Quarterly DROP Review**

Mr. Vavrica provided a review of the Voya and Nationwide DROP investment options for the period ending March 31, 2023. He commented on a few funds that are being closely monitored but does not recommend any changes at this time.

**Email dated May 1, 2023, regarding Wellington Trust Company, Security Lending Information**

Mr. Vavrica advised that beginning in October 2023, Wellington Trust Company will engage in a Securities Lending Program to earn additional income in the Portfolios. The Portfolios maximum value of securities on loan will typically not exceed 10% of the total Portfolio market value. Securities lending is subject to interest rate risk, credit risk, counterparty risk and liquidity risk. (Attachment #3 and #4)

Mr. Vavrica stated that AndCo views this as a relatively risk controlled change to produce a bit of extra return for a different kind of risk. He is comfortable with maintaining the current portfolio including the Securities Lending Program. If the Board is not, then the Board can look into other options such as moving into a separate Wellington account, which may increase the management fee by approximately 15 bps, or hire a new Small Cap investment manager. Mr. Vavrica added that looking at other options is fine, but Wellington has been a very good manager for the Fund, and he expects that to continue.

After various discussions, the Board took no action but requested a quarterly report on the holdings affected by the new Securities Lending Program.

**Asset Allocation Manager Summary**

Mr. Vavrica discussed rebalancing the Fund's portfolio as of 05/12/2023 market values. Collectively, in US Equity, the Fund is over target by \$26.3 million. In International Equity, the Fund is over target by over \$9.3 million. In total Fixed Income, the Fund is over target by \$14.2 million. In Real Estate, the Fund is over target by \$5 million. The total Fund is not significantly out of balance, but he recommended a few minor rebalancing changes as follows:

From Logan Large Cap Growth:	-\$ 7,000,000
To Vanguard Total Stock Market:	+\$ 7,000,000
From Inverness Fixed Income:	-\$ 20,000,000
To Allspring International Bond:	+\$10,000,000
To Inverness Cash:	+\$10,000,000

Trustee Feldman made a motion to approve rebalancing the Fund according to AndCo's recommendation. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #5)

**DIRECTOR'S REPORT**

**Request by the City of Miami Beach to use the Board's Actuary for a study on a proposed language change**

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 a language change they are considering. 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, for a study on a proposed language change. The motion was seconded by Trustee Molina and unanimously carried. (Attachment #6)

**Letter dated May 15, 2023, from the Department of Management Services, Division of Retirement (DOR), requesting additional information regarding the Firefighter Cancer Presumption**

Director Brito provided letter dated May 15, 2023. Due to the potential cost to the Plan, the DOR is requesting an impact statement and an ordinance modification to incorporate the Firefighter Cancer Presumption as outlined in Section §112.1816 Florida Statutes.

Attorney Kaufman stated that back in December 2019, the City of Miami Beach rejected his original request for an ordinance change. He will follow up with the City again over the next several months to modify the ordinance. Director Brito stated that GRS has confirmed that they will provide a no cost impact statement as the plan already has a disability assumption built into the actuarial valuation.

Attorney Kaufman advised that several other plans have received this request. He confirmed that the DOR will not hold up release of the premium tax monies as long as the Plan is proceeding to get the ordinance changed. (Attachment #7)

**Maximum Benefit Limitations – Internal Revenue Code Section 415 (IRC 415)**

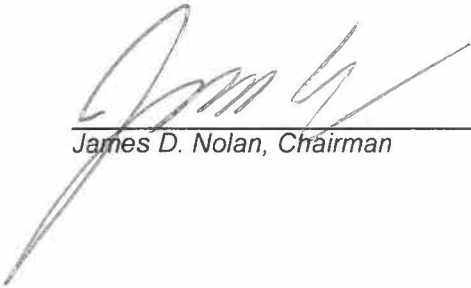
The Director advised that for FY 2022/2023, two members will meet the IRC 415 limit in September.

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

- A. Administrative Budget
- B. Investment Expenses Fiscal Year vs. Budget

**ADJOURNMENT**

Trustee Feldman made a motion to adjourn the meeting. The motion was seconded by Trustee Carpenter and unanimously carried. The meeting was adjourned at 9:44 AM.



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James D. Nolan, Chairman



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David J. Frazier, Jr., Secretary