

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

954TH BOARD OF TRUSTEES MEETING

July 13, 2023

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

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

**954TH MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

July 13, 2023

CALL TO ORDER

Meeting was called to order at 8:30 AM by Acting Chairman Frazier.

Board members present were as follows:

FIRE DEPARTMENT

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

POLICE DEPARTMENT

ADMINISTRATION

Hernan D. Cardeno
Eric T. Carpenter

Absent were:

Steven L. Feldman	- Police Department
Daniel D. Molina	- Police Department
James D. Nolan	- Police Department
Tameka Otto Stewart	- Administration

Present were:

Blanca T. Greenwood, 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:

Justin Ellsesser	- Senior Research Analyst, AndCo Consulting
Brendon Vavrica, CFP	- Consultant, AndCo Consulting

ELECTION OF CHAIRPERSON AND SECRETARY FOR JULY 1, 2023 – JUNE 30, 2025

Acting Chairman Frazier nominated Trustee Johnson for Chairman for the term commencing July 1, 2023. There was a motion to close nominations by Trustee Cardeno. The motion was seconded by Trustee Carpenter and unanimously carried. There being no further nominations, Trustee Johnson was declared Chairman by acclamation.

Due to no representation at the meeting from the Police Department Board members, the election of a Secretary for the new term was deferred to the September 21, 2023, meeting.

MINUTES

Regular Meeting of the Board of Trustees – June 15, 2023

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 Nicholas and unanimously carried.

RETROACTIVE PENSION CHANGES

Police Sergeant Alexander Torres' pension was recalculated to include a retroactive payroll adjustment dating back from June 21, 2020, to December 6, 2020, which affected his pension computation. His new monthly pension as of July 2023 has been increased by \$53.34. In addition, a retroactive payment of \$1,607.10 will be processed in July 2023.

Trustee Cardeno made a motion to approve the revised pension and retroactive adjustment for Sergeant Torres. The motion was seconded by Secretary Frazier and unanimously carried. (Attachment #1-1 Schedule A)

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

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

Secretary Frazier made a motion to approve the pension service retirement for Officer Rodriguez and grant entry into the DROP. The motion was seconded by Chairman Johnson and unanimously carried. (Attachment #1-1 Schedule A)

COMMENCEMENT OF PENSION

Police Sergeant Amel F. Soto, who was retired under the DROP program, resigned from City employment effective June 30, 2023. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

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

LUMP SUM REFUND

Former Police Officer Andrew P. Vazquez's last day of work was January 16, 2023. As a Tier 5 member with less than 10 years of pension service time, he was not vested. Mr. Vazquez requested a lump sum refund of his employee contributions with interest.

Former Police Officer Ryan A. Arbelo's last day of work was June 1, 2023. As a Tier 5 member with less than 10 years of pension service time, he was not vested. Mr. Arbelo requested a lump sum refund of his employee contributions with interest.

Trustee Carpenter made a motion to approve the lump sum refund of employee contributions with interest to Andrew P. Vazquez and Ryan A. Arbelo. The motion was seconded by Secretary Frazier and unanimously carried. (Attachment 1-1 Schedule A)

FINANCIAL REPORT FOR JULY 2023

The Director advised that an additional invoice was received after the Warrants file was emailed on Wednesday, July 12, 2023; therefore, Warrant #5269 has been updated for approval.

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

COUNSEL

Form 1 – 2022 Statement of Financial Interests – to be filed by 07/01/2023

Attorney Blanca T. Greenwood reminded the Board that Form 1 - 2022 must be submitted by July 1, 2023.

ANDCO CONSULTING JUSTIN ELLSESSER – SENIOR RESEARCH ANALYST BRENDON VAVRICA – CONSULTANT

Private Equity Program (Attachment #2)

1. **Private Equity Pacing Study (Attachment #3)**
2. **Private Equity Search – Discussion and possible action (Attachment #4)**

Last year a total of \$25,000,000 was allocated to private equity through a blended investment approach of fund of funds and secondaries. This year the updated pacing model estimates that a commitment of \$20,000,000 is needed to reach and maintain the 3% allocation within 7 years.

In terms of implementation, AndCo Consulting is recommending taking one of two courses of action with the 2023 commitment:

- Split the commitment equally between one fund of funds and one multi-manager co-investment fund to reduce the fees and enhance potential return.
- Commit to one fund of funds in order to build out the “core” of the private equity portfolio further, and then look to commit to a multi-manager co-investment fund next year.

Justin Ellsesser explained that the shift from secondaries to multi-manager co-investment funds is recommended because even though secondaries are great at J-curve mitigation, they have more expensive two-layered fees and a lower potential return. In contrast, multi-manager co-investment fees are only one layered, have a slightly higher potential return, can offer more concentrated positions but they also add a bit more risk.

AndCo Consulting foresees that the initial two-year investment combination of fund of funds, secondaries and multi-manager co-investment funds will add diversification and should provide a good experience in order for the Board to continue to build a stable, long term private equity portfolio.

Mr. Ellsesser evaluated for the following candidates the candidate summary, investment team, key firm/fund differentiators, key fund term, and performance comparison:

Fund of Funds Managers

- 50 South Capital Advisors, LLC
- Taurus Private Markets, LLC

Multi-manager Co-investments

- Neuberger Berman, LLC (NB)
- Performance Equity Management, LLC (PEM)

There were various discussions regarding the recommended investment strategies and the moderate to moderate-aggressive pace of entering this asset class. The Board agreed to invite representatives from all four companies to come to the next board meeting before making a formal commitment.

On another note, the Director made the Board aware that private equity managers are unable to report their final September 30 fair market value in time to present the Financial Statements in January. KSDT suggested that private equity managers provide a written statement of estimated fair market value through September 30. From an audit perspective, if the market is steady between June 30 and September 30 and does not fluctuate greatly, then KSDT is comfortable that the difference in the estimated fair market value and final fair market value should be immaterial. The Board agreed and acknowledged that if the final numbers are materially misstated, then the Board would be transparent and do what is necessary to correct the issue.

Mr. Vavrica shifted the discussion to real estate. He advised that David Julier, Real Estate Senior Research Analyst, will be scheduled to attend the October board meeting to review the Board's overall core and non-core real estate strategy. In the meantime, a few challenges have surfaced with the J.P. Morgan Special Situation Property Fund such as: a loan debt issue at one property, lack of transparency with the outlook of other properties, and recent persistent underperformance. AndCo Consulting is recommending that the Board add a full redemption request to the existing partial redemption request and close the fund. AndCo is making this recommendation to all their clients.

Chairman Johnson expressed his concern that the reasons provided seem a little ambiguous and short-sighted for a long-term strategy. He would need more compelling reasons to agree to close the fund. He requested that someone from J.P. Morgan attend the October board meeting to address concerns.

There were various discussions regarding transparency, the potential to be underweighted in real estate, and the timing to submit a full redemption request.

Mr. Vavrica advised that the Board could request a full redemption now, otherwise the next opportunity would be December 1, 2023. The Board can always cancel the full redemption request if they come to a different conclusion after hearing the real estate presentations in October.

Pursuant to AndCo Consulting's recommendation, Trustee Carpenter made a motion to request a full redemption of the J.P. Morgan Special Situation Property Fund, with the option to cancel or change the request after the October board meeting. The motion was seconded by Secretary Frazier and unanimously carried.

DIRECTOR'S REPORT

Updated Resolution Authorizing Signers on Truist Account

Trustee Carpenter made a motion allowing the Chairman and Secretary to execute the updated Resolution Authorizing the Chairman and Executive Director to be co-signers on the Truist checking account. The motion was seconded by Secretary Frazier and unanimously carried. (Attachment #5)

Updated Resolution Authorizing Executive Director to Act as Authorized Agent on behalf of the Board

Secretary Frazier made a motion allowing the Chairman and Secretary to execute the updated Resolution Authorizing the Executive Director to act as an authorized agent on behalf of the Board of Trustees. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #6)

Disability application received from Police Officer Alberto J. Castro

Director Brito advised that Police Officer Alberto J. Castro has applied for a service connected disability.

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Email dated July 1, 2023, from Paul Johnson regarding the Pension Bridge Private Equity Exclusive, from July 24 – 26, 2023, Chicago, IL

Pursuant to Chairman Johnson's email dated July 1, 2023, Secretary Frazier made a motion to allow any Trustee to attend the complimentary Pension Bridge Private Equity Exclusive event to take place in Chicago, IL, from July 24 – 26, 2023. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #7)

2022 Annual State Report

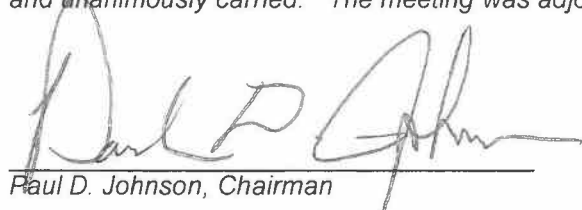
An email from the State dated July 11, 2023, provided confirmation that the 2022 Annual State Report for the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach has been reviewed and approved. (Attachment #8)

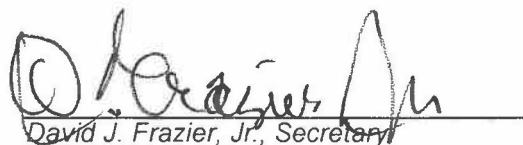
For the Board's information, the following items were distributed as either part of the Agenda or meeting packet:

- A. FPPTA Fall Trustee School, October 1 – 4, 2023, Orlando, FL
- B. Administrative Budget
- C. Investment Expenses Fiscal Year vs. Budget

ADJOURNMENT

Secretary Frazier made a motion to adjourn the meeting. The motion was seconded by Trustee Cardeno and unanimously carried. The meeting was adjourned at 10:50 AM.


Paul D. Johnson, Chairman


David J. Frazier, Jr., Secretary