

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

957TH BOARD OF TRUSTEES MEETING

November 16, 2023

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

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

**957TH MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

November 16, 2023

CALL TO ORDER

Meeting was called to order at 8:44 AM by Trustee Frazier.

Board members physically present and by videoconference were as follows:

FIRE DEPARTMENT

David J. Frazier, Jr.

Paul D. Johnson

Dwight M. Nicholas

POLICE DEPARTMENT

Steven L. Feldman

James D. Nolan

ADMINISTRATION

Hernan D. Cardeno

Eric T. Carpenter

Tameka Otto Stewart

Absent was:

Daniel D. Molina

- Police Department

Present were:

Stuart A. Kaufman, Esq.

Donna Brito

Frank Estevez

Myriame Jean-Baptiste

Clara La Rosa

- Attorney, Klausner, Kaufman, Jensen & Levinson (KKJL)

- Executive Director

- Assistant Director

- Pension Administrator

- Office Manager

Also present were:

Keith Innes

Robert K. Maddock

Patrick Melton

Adrian Sancho

William Strong

Brendon Vavrica, CFP

Nicholas Vician

- Virtus Real Estate Capital, Managing Director, Investor Relations

- Corient, Wealth Advisor

- TerraCap Management, LLC, Director of Sales & Marketing, Partner

- Corient, Wealth Advisor

- Virtus Real Estate Capital, Chief Operating Officer & Chief Financial Officer

- AndCo Consulting, Consultant

- TerraCap Management, LLC, Director of Business Development and Strategic Initiatives, Partner

MINUTES

Regular Meeting of the Board of Trustees – October 19, 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 Feldman and unanimously carried.

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

Police Officer Roland Aragunde III retired under the DROP program effective November 1, 2023, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Aragunde had 19 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, Officer Aragunde purchased 2 years of pre-employment public safety service time.

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Firefighter Lori S. Riley retired under the DROP program effective November 1, 2023, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Firefighter Riley had 23 years of pension service and met the eligibility for retirement by Tier 1, Rule of 70 and attainment of at least age 47.

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

COMMENCEMENT OF PENSION

Chief of Police Richard M. Clements, who was retired under the DROP program, resigned from City employment effective October 22, 2023. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

Police Division Major Enrique H. Doce, who was retired under the DROP program, resigned from City employment effective October 11, 2023. He is eligible to commence his 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 Chief Clements and Division Major Doce. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #1-1 Schedule A)

LUMP SUM REFUND

Former Police Officer Alexandra P. Alleyne's last day of work was September 2, 2022. As a Tier 5 member with less than 10 years of pension service time, she was not vested. Ms. Alleyne requested a lump sum refund of her employee contributions with interest.

Former Police Officer Susan G. Calix's last day of work was August 28, 2022. As a Tier 5 member with less than 10 years of pension service time, she was not vested. Ms. Calix requested a lump sum refund of her employee contributions with interest.

Trustee Feldman made a motion to approve the lump sum refund of employee contributions with interest to Alexandra P. Alleyne and Susan G. Calix. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment 1-1 Schedule A)

DECEASED

Beneficiary Marielena Gadol, widow of retired Firefighter Saul Gadol, passed away on October 3, 2023. Her pension has been discontinued, as there are no other beneficiaries under the Plan.

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

FINANCIAL REPORT FOR NOVEMBER 2023

The Director advised that additional invoices were received after the Warrants file was emailed on Tuesday, November 14, 2023; therefore, Warrant #5305 has been added for approval.

Trustee Feldman 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)

BUYBACKS COVERING THE PERIOD OF SEPTEMBER 22, 2023, THROUGH NOVEMBER 16, 2023

Trustee Feldman made a motion to approve the buybacks of probationary service time with interest at 3% as shown on the agenda schedule. The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #2)

COUNSEL

Attorney Kaufman reported that pursuant to motions made in September to seek recovery of overpayments:

- In the case of John P. Geary, his bank has responded to the demand letter and will attempt to reimburse the overpaid pension benefit.
- In the case of William F. Guillem, there has been no response from the family regarding the demand letter. After some discussion, the Board agreed to have KKJL send a second demand letter and to table this item for three months to give the family time to respond.

Legislative Update

Attorney Kaufman advised that the report drafted by KKJL for compliance with House Bill 3 has been approved by the Division of Retirement. The report, accompanied by a copy of the amended investment policy, must be submitted by December 15, 2023, and biennially thereafter.

Update on disability application received from Police Officer Alberto J. Castro

Attorney Kaufman stated that one medical board evaluation for Police Officer Alberto J. Castro has been re-scheduled for December 2023. Thus, he does not foresee that the informal disability hearing will be presented in December.

CORIENT (INVERNESS COUNSEL)
ROBERT K. MADDOCK – WEALTH ADVISOR
ADRIAN SANCHO – WEALTH ADVISOR

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 September 30, 2023.

ANDCO CONSULTING
BRENDON VAVRICA – CONSULTANT

Investment Performance Review

Brendon Vavrica provided the Investment Performance Review for the period ending September 30, 2023. In summary, the Fund's total fiscal year to date net return is 7.23% (October 1, 2022, through September 30, 2023).

Corient (Inverness Counsel) S&P 500 - Period beginning 01/01/2000 and ending 09/30/2023

Corient equity had an annualized return from inception of 7.73% compared to the S&P 500 Index of 6.61%. As of 09/30/2023, the ending value of the Corient equity portfolio including \$257,000 in cash equivalent was \$199,625,000.

Wellington Management Company Small Cap - Period beginning 07/01/1999 and ending 09/30/2023

Wellington equity had an annualized return from inception of 10.77% compared to the Russell 2000 Index of 7.19%. As of 09/30/2023, the ending value of the Wellington portfolio was \$112,897,000.

Logan Capital Management Large Cap Growth - Period beginning 04/01/2007 and ending 09/30/2023

Logan equity had an annualized return from inception of 10.17% compared to the Russell 1000 Growth Index of 11.50%. As of 09/30/2023, the ending value of the Logan portfolio including \$1,027,000 in cash equivalent was \$74,461,000.

RhumbLine Advisers Large Cap Value - Period beginning 01/01/2017 and ending 09/30/2023

RhumbLine equity index fund had an annualized return from inception of 7.15% compared to the Russell 1000 Value Index of 7.19%. As of 09/30/2023, the ending value of the RhumbLine portfolio was \$66,610,000.

RhumbLine Advisers Mid Cap - Period beginning 07/01/1997 and ending 09/30/2023

RhumbLine equity index fund had an annualized return from inception of 10.13% compared to the S&P MidCap 400 Index of 10.14%. As of 09/30/2023, the ending value of the RhumbLine portfolio including \$495,000 in cash equivalent was \$101,345,000.

RhumbLine Advisers International Equity - Period beginning 01/01/2016 and ending 09/30/2023

RhumbLine international equity index fund had an annualized return from inception of 5.20% compared to the MSCI EAFE Index of 5.53%. As of 09/30/2023, the ending value of the RhumbLine portfolio was \$59,730,000.

J.P. Morgan Asset Management Real Estate - Period beginning 10/01/2007 and ending 09/30/2023

J.P. Morgan real estate, Strategic Property Fund (SPF), had an annualized return from inception of 5.05% compared to the NCREIF Index-Open End Diversified Core of 5.48%. As of 09/30/2023, the ending value of the portfolio was \$53,974,000.

J.P. Morgan Asset Management Real Estate - Period beginning 01/01/2021 and ending 09/30/2023

J.P. Morgan real estate, Special Situation Property Fund (SSPF), had an annualized return from inception of 1.90% compared to the NCREIF Index-Open End Diversified Core of 7.74%. As of 09/30/2023, the ending value of the portfolio was \$50,474,000.

Intercontinental Real Estate - Period beginning 04/01/2018 and ending 09/30/2023

Intercontinental real estate had an annualized return from inception of 5.45% compared to the NCREIF Index-Open End Diversified Core of 6.33%. As of 09/30/2023, the ending value of the Intercontinental portfolio was \$58,195,000.

Allspring Global Investments International Bond - Period beginning 10/01/2011 and ending 09/30/2023

Allspring international bonds had an annualized negative return from inception of -1.91% compared to the FTSE Non-U.S. World Government Bond Index of -2.12%. As of 09/30/2023, the ending value of the Allspring portfolio was \$48,512,000.

Corient (Inverness Counsel) Fixed Income - Period beginning 10/01/1990 and ending 09/30/2023

Corient fixed income had an annualized return from inception of 5.26% compared to the ½ BBGIC and ½ BBGC Index of 4.85%. As of 09/30/2023, the ending value of the Corient fixed income portfolio including \$962,000 in cash equivalent was \$115,819,000; and the ending value of Corient's cash was \$9,065,000.

Tocqueville Asset Management Fixed Income - Period beginning 11/01/2020 and ending 09/30/2023

Tocqueville fixed income had an annualized negative return from inception of -4.09% compared to the ½ BBGIC and ½ BBGC Index of -4.10%. As of 09/30/2023, the ending value of the Tocqueville fixed income portfolio including \$974,000 in cash equivalent was \$44,201,000.

Grosvenor Institutional Partners, L.P. - Period beginning 11/01/2020 and ending 09/30/2023

Grosvenor Institutional Partners hedge fund had an annualized return from inception of 4.74% compared to the 90-day T-Bill + 5.0% Index of 6.83%. As of 09/30/2023, the ending value of the Grosvenor Institutional Partners, L.P. hedge fund was \$11,447,000.

Vanguard Total Stock Market (VTSAX) - Period beginning 09/01/2022 and ending 09/30/2023

Vanguard Total Stock Market had an annualized return from inception of 8.47% compared to the CRSP U.S. Total Market TR Index of 8.48%. As of 09/30/2023, the ending value of the Vanguard Total Stock Market (VTSAX) fund was \$8,929,000.

Affiliated Housing Impact Fund LP - Period beginning 11/01/2022 and ending 09/30/2023

As of 09/30/2023, the ending value of the Affiliated Housing Impact Fund LP was \$2,395,000.

Artemis Real Estate Partners Fund IV - Period beginning 11/01/2022 and ending 09/30/2023

As of 09/30/2023, the ending value of the Artemis Real Estate Partners Fund IV was \$602,000.

TerraCap Partners Fund V - Period beginning 11/01/2022 and ending 09/30/2023

As of 09/30/2023, the ending value of the TerraCap Partners Fund V was \$5,315,000.

50 South Private Equity Core Fund X - Period beginning 04/01/2023 and ending 09/30/2023

As of 09/30/2023, the ending value of the 50 South Private Equity Core Fund X was \$1,931,000.

HarbourVest Dover Street Fund XI - Period beginning 07/01/2023 and ending 09/30/2023

As of 09/30/2023, the ending value of the HarbourVest Dover Street Fund XI was \$1,271,000.

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TOTAL FUND: As of 09/30/2023, the ending value of the Fund was \$1,026,801,000. Of the \$1,026,801,000, the cash equivalent portion of the Fund was 1.24% or \$12,781,000. The results for the 12-month period ending 09/30/2023 show that the Fund's net return of 7.23%, underperformed the benchmark indices of 8.39%.

During this 12-month period:

- Allspring significantly underperformed the FTSE Non-U.S. World Government Bond Index
- Grosvenor significantly underperformed the 90-day T-Bill +5% Index
- Intercontinental significantly underperformed the NCREIF Fund Index-Open End Diversified Core
- Corient (Inverness Counsel) outperformed the S&P 500 Index
- Corient (Inverness Counsel) outperformed the Index composed of ½ BBGIC and ½ BBGC
- JP Morgan's SPF underperformed the NCREIF Index-Open End Diversified Core
- JP Morgan's SSPF significantly underperformed the NCREIF Index-Open End Diversified Core
- Logan significantly underperformed the Russell 1000 Growth Index
- RhumbLine slightly underperformed the S&P Mid Cap 400 Index
- RhumbLine slightly underperformed the Russell 1000 Value Index
- RhumbLine underperformed the MSCI EAFE Index
- Tocqueville significantly underperformed the Index composed of ½ BBGIC and ½ BBGC
- Wellington significantly 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 September 30, 2023. He commented on a few funds that are being closely monitored but does not recommend any changes at this time.

Asset Manager Summary

Mr. Vavrica discussed rebalancing the Fund's portfolio as of 11/15/2023 market values. Collectively, in US Equity, the Fund is over target by \$53 million. In International Equity, the Fund is over target by \$6 million. The total Fund is not significantly out of balance, but he recommended the following rebalancing changes:

From Corient (Inverness Counsel) Equity	-\$15,000,000
From Logan Large Cap Growth	-\$20,000,000
From RhumbLine Large Cap Value	-\$10,000,000
From Wellington Small Cap	-\$ 5,000,000
From RhumbLine International Equity	<u>-\$ 5,000,000</u>
Total	-\$55,000,000
To Corient (Inverness Counsel) Fixed Income	+\$13,000,000
To Tocqueville Fixed Income	+\$ 9,000,000
To Corient (Inverness Counsel) Cash	<u>+\$33,000,000</u>
Total	+\$55,000,000

After various discussions, Trustee Feldman made a motion to approve rebalancing the Fund with one minor adjustment to Corient Cash as follows:

From Corient (Inverness Counsel) Equity	-\$15,000,000
From Logan Large Cap Growth	-\$20,000,000
From RhumbLine Large Cap Value	-\$10,000,000
From Wellington Small Cap	-\$ 5,000,000
From RhumbLine International Equity	<u>-\$ 5,000,000</u>
Total	-\$55,000,000

To Corient (Inverness Counsel) Fixed Income	+\$13,000,000
To Tocqueville Fixed Income	+\$ 9,000,000
To Allspring International Fixed Income	+\$ 6,000,000
To Corient (Inverness Counsel) Cash	<u>+\$27,000,000</u>
Total	+\$55,000,000

The motion was seconded by Trustee Carpenter and unanimously carried. (Attachment #3)

Non-Core Real Estate Managers

1. **Virtus Real Estate Capital**
 - a. **Keith Innes, Managing Director – Investor Relations**
 - b. **William Strong, Chief Operating Officer & Chief Financial Officer**
2. **TerraCap, LLC**
 - a. **Nicholas Vician, Director of Business Development and Strategic Initiatives, Partner**
 - b. **Patrick Melton, Director of Sales & Marketing, Partner**

Last month, AndCo Consulting presented the updated pacing model which estimated that a commitment of \$11,000,000 was needed in order to reach and maintain the 2% non-core real estate allocation within 7 years.

At the Board's request, Virtus Real Estate presented their Virtus Real Estate Capital IV fund and TerraCap, LLC presented their TerraCap Partners Fund VI.

Once the managers completed their presentation, Mr. Vavrica initiated the board discussion. There was broad debate regarding what attributes made each company appealing and how much money to allocate to each manager.

Trustee Feldman made a motion for a second-year, non-core real estate commitment of \$11,000,000 to be allocated as follows:

- \$3,000,000 to TerraCap Management – TerraCap Partners Fund VI
- \$8,000,000 to Virtus Real Estate – Virtus Real Estate Capital IV

The motion was seconded by Trustee Carpenter and unanimously carried.

DIRECTOR'S REPORT

Retirement of Ellen A. Schaffer, programmer of customized Pension Payment Processing System and Pension Benefit Active Members System

The Director advised that Ellen Schaffer will be retiring at the end of 2024 and reminded the Board that she too will be retiring at the beginning of 2025. She is seeking direction from the Board on how to proceed with obtaining a new pension software system. Director Brito proposed the following two options:

1. *Initiate a Request for Proposal (RFP) which may take approximately four to six months to complete.*
2. *Piggyback on MBERP's RFP experience and expedite discussions with Pension Technologies Group (PTG) to present their proposal for the pension software conversion.*

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After various discussions, the Board's preference is to initiate an RFP process. The Director agreed to prepare a detailed scope of services and work with Attorney Kaufman to have an RFP ready by February or March 2024.

NCPERS 2024 Legislative Conference, January 22 – 24, 2024, Washington, DC

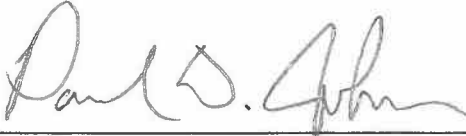
Trustee Frazier made a motion to allow any Trustee to attend the NCPERS 2024 Legislative Conference, January 22 – 24, 2024, in Washington, DC. The motion was seconded by Trustee Feldman and unanimously carried. (Attachment #4)

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

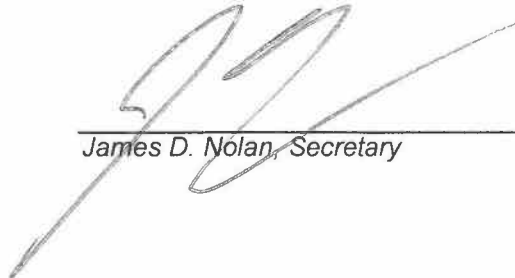
- A. 2024 Schedule of Board Meeting dates (Attachment #5)
- B. FPPTA Winter Trustee School, January 28 – 31, 2024, Orlando, FL (Attachment #6)
- C. Administrative Budget
- D. Management Fees Fiscal Year vs. Budget

ADJOURNMENT

Trustee Cardeno made a motion to adjourn the meeting. The motion was seconded by Trustee Carpenter and unanimously carried. The meeting was adjourned at 11:14 AM.



Paul D. Johnson, Chairman



James D. Nolan, Secretary