

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

962<sup>ND</sup> BOARD OF TRUSTEES MEETING

May 16, 2024

*COPIES OF MINUTES ARE BEING  
PROVIDED WITHOUT ATTACHMENTS.*

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

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

**May 16, 2024**

**CALL TO ORDER**

Meeting was called to order at 8:33 AM by Chairman Johnson.

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  
Daniel D. Molina  
James D. Nolan

**ADMINISTRATION**

Hernan D. Cardeno  
Eric T. Carpenter

Absent was:

Tameka Otto Stewart - Administration

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:

Nicolas Valdes-Fauli - CFP Professional, Thin Blue Line Financial  
Brendon Vavrica, CFP - Senior Institutional Advisor, Mariner

**MINUTES**

**Regular Meeting of the Board of Trustees – April 18, 2024**

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

**DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY**

Firefighter John M. Cowart retired under the DROP program effective May 1, 2024, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Firefighter Cowart had 21 years and 5 months of pension service and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Firefighter Cowart purchased the 6% multiplier.

Firefighter Diego F. Lugo retired under the DROP program effective May 1, 2024, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Firefighter Lugo had 24 years and 9 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, Firefighter Lugo purchased the 6% multiplier.

Trustee Frazier made a motion to approve the pension service retirement for Firefighter Cowart and Firefighter Lugo and grant entry into the DROP. The motion was seconded by Trustee Nicholas and unanimously carried.

**962<sup>nd</sup> Meeting of the Board of Trustees  
May 16, 2024**

*Police Officer Daniel D. Molina retired under the DROP program effective May 1, 2024, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Molina had 22 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, Officer Molina purchased the 6% multiplier.*

*Trustee Nolan made a motion to approve the pension service retirement for Officer Molina and grant entry into the DROP. For the record, it is noted that Trustee Molina abstained from the vote in compliance with Section 112.3143, Florida Statutes. Trustee Molina has filed "Form 8B Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers". The motion was seconded by Trustee Cardeno and unanimously carried. (Attachment #1-1 Schedule A)*

**LUMP SUM REFUND**

*Former Police Officer Davano L. Alleyne's last day of work was March 22, 2024. As a Tier 5 member with less than 5 years of pension service time, he was not vested. Mr. Alleyne 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 Davano L. Alleyne. The motion was seconded by Trustee Nolan and unanimously carried. (Attachment 1-1 Schedule A)*

**DECEASED**

*Beneficiary Lois Brennan, widow of retired Police Officer Derwin E. Brennan, passed away on April 1, 2024. Her pension has been discontinued, as there are no other beneficiaries under the Plan.*

*Trustee Nolan made a motion to stop the monthly pension for Lois Brennan. The motion was seconded by Trustee Frazier and unanimously carried. (Attachment #1-1 Schedule A)*

**FINANCIAL REPORT FOR MAY 2024**

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

*Trustee Frazier made a motion to accept the Financial Warrants #5344-5349 as presented. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #1)*

**BUYBACKS COVERING THE PERIOD OF MARCH 22, 2024, THROUGH MAY 16, 2024**

*The following buyback schedules included in the agenda packet were processed from March 22, 2024, through May 16, 2024:*

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

*Trustee Nolan made a motion to approve the buybacks shown on the schedules. The motion was seconded by Trustee Frazier and unanimously carried. (Attachment #2)*

**COUNSEL**

**Update on disability applications**

Attorney Kaufman advised that KKJL continues to gather all medical records for Police Officer Christopher A. Marin and Police Sergeant Michelle M. Sayegh's service-connected disability applications. The informal disability hearings may be scheduled by mid Fall.

**THIN BLUE LINE FINANCIAL  
NICOLAS VALDES-FAULI – CFP PROFESSIONAL**

**Presentation, discussion and possible action regarding alternative DROP investment options**

Brendon Vavrica reminded the Board that in February a request was made to meet with Thin Blue Line Financial regarding the possibility of adding additional investment options for DROP participants.

Nicolas Valdes-Fauli introduced himself as the founder of Thin Blue Line Financial. He explained that Thin Blue Line Financial is not a stand-alone company and that he works through a registered investment advisor, Main Street Financial Solutions, LLC (MSFS). Thin Blue Line leverages MSFS for operations, compliance oversight, capital and deep industry expertise. All assets managed by MSFS are custodied with Charles Schwab. (Attachment #3)

Mr. Valdes-Fauli stated that he currently works with many Miami Beach Police Department members to manage their deferred compensation plans. Those members asked if there was a way for him to help advise them regarding their DROP investments or offer some alternative options within the existing DROP program.

Based on that request, Mr. Valdes-Fauli proposed two alternative options for the Board to consider:

1. Allow a Charles Schwab Self-Directed Brokerage Option (SDBO) through Voya and/or Nationwide. Participants can then invest in ETF or mutual fund models that Thin Blue Line Financial has developed and can service on the member's behalf. The SDBO would allow more choices and flexibility when it comes to investing, and in some cases, lower expenses.
2. Consider adding a third DROP provider that Thin Blue Line Financial partners with, such as Empower or Epic, that would allow more options.

A discussion ensued regarding various directions the Board could go if they allowed the SDBO through Charles Schwab, such as:

- what type of control or limitations could be put into effect
- who accepts fiduciary responsibility for the SDBO
- members can either manage the SDBO themselves or partner with a financial advisor

The Board agreed that there is nothing within the existing Voya or Nationwide DROP plan to prevent participants from working directly with Thin Blue Line Financial for financial advice. In addition, the Board agreed to consider opening the SDBO which may be beneficial to members throughout their DROP participation. The Board asked Mr. Vavrica to provide a menu of lower expensed or indexed ETF and mutual fund options within the Charles Schwab SDBO for the Board to consider.

**MARINER**  
**BRENDON VAVRICA, CFP – SENIOR INSTITUTIONAL ADVISOR**

**Investment Performance Review**

Brendon Vavrica provided the Investment Performance Review for the period ending March 31, 2024. In summary, the Fund's total fiscal year to date net return is 12.30% (October 1, 2023, through March 31, 2024).

Corient (Inverness Counsel) S&P 500 - Period beginning 01/01/2000 and ending 03/31/2024

Corient equity had an annualized return from inception of 8.51% compared to the S&P 500 Index of 7.40%. As of 03/31/2024, the ending value of the Corient equity portfolio including \$479,000 in cash equivalent was \$234,088,000.

Wellington Management Company Small Cap - Period beginning 07/01/1999 and ending 03/31/2024

Wellington equity had an annualized return from inception of 11.36% compared to the Russell 2000 Index of 7.83%. As of 03/31/2024, the ending value of the Wellington portfolio was \$129,857,000.

Logan Capital Management Large Cap Growth - Period beginning 04/01/2007 and ending 03/31/2024

Logan equity had an annualized return from inception of 11.76% compared to the Russell 1000 Growth Index of 12.72%. As of 03/31/2024, the ending value of the Logan portfolio including \$863,000 in cash equivalent was \$78,737,000.

RhumbLine Advisers Large Cap Value - Period beginning 01/01/2017 and ending 03/31/2024

RhumbLine equity index fund had an annualized return from inception of 9.27% compared to the Russell 1000 Value Index of 9.31%. As of 03/31/2024, the ending value of the RhumbLine portfolio was \$78,291,000.

RhumbLine Advisers Mid Cap - Period beginning 07/01/1997 and ending 03/31/2024

RhumbLine equity index fund had an annualized return from inception of 10.78% compared to the S&P MidCap 400 Index of 10.79%. As of 03/31/2024, the ending value of the RhumbLine portfolio including \$295,000 in cash equivalent was \$128,612,000.

RhumbLine Advisers International Equity - Period beginning 01/01/2016 and ending 03/31/2024

RhumbLine international equity index fund had an annualized return from inception of 6.85% compared to the MSCI EAFE Index of 7.21%. As of 03/31/2024, the ending value of the RhumbLine portfolio was \$64,112,000.

Vanguard Total Stock Market (VTSAX) - Period beginning 09/01/2022 and ending 03/31/2024

Vanguard Total Stock Market had an annualized return from inception of 20.72% compared to the CRSP U.S. Total Market TR Index of 20.71%. As of 03/31/2024, the ending value of the Vanguard Total Stock Market (VTSAX) fund was \$10,294,000.

J.P. Morgan Asset Management Real Estate - Period beginning 10/01/2007 and ending 03/31/2024

J.P. Morgan real estate, Strategic Property Fund (SPF), had an annualized return from inception of 4.04% compared to the NCREIF Index-Open End Diversified Core of 4.83%. As of 03/31/2024, the ending value of the portfolio was \$46,013,000.

J.P. Morgan Asset Management Real Estate - Period beginning 01/01/2021 and ending 03/31/2024

J.P. Morgan real estate, Special Situation Property Fund (SSPF), had an annualized negative return from inception of -4.59% compared to the NCREIF Index-Open End Diversified Core of 4.07%. As of 03/31/2024, the ending value of the portfolio was \$40,285,000.

Intercontinental Real Estate - Period beginning 04/01/2018 and ending 03/31/2024

Intercontinental real estate had an annualized return from inception of 3.25% compared to the NCREIF Index-Open End Diversified Core of 4.47%. As of 03/31/2024, the ending value of the Intercontinental portfolio was \$52,678,000.

Corient Fixed Income - Period beginning 10/01/1990 and ending 03/31/2024

Corient fixed income had an annualized return from inception of 5.33% compared to the ½ BBGIC and ½ BBGC Index of 4.93%. As of 03/31/2024, the ending value of the Corient fixed income portfolio including \$1,742,000 in cash equivalent was \$148,209,000; and the ending value of Corient's cash was \$55,965,000.

Tocqueville Asset Management Fixed Income - Period beginning 11/01/2020 and ending 03/31/2024

Tocqueville fixed income had an annualized negative return from inception of -1.37% compared to the ½ BBGIC and ½ BBGC Index of -2.09%. As of 03/31/2024, the ending value of the Tocqueville fixed income portfolio including \$1,115,000 in cash equivalent was \$69,992,000.

Grosvenor Institutional Partners, L.P. - Period beginning 11/01/2020 and ending 03/31/2024

Grosvenor Institutional Partners hedge fund had an annualized return from inception of 6.04% compared to the 90-day T-Bill + 5.0% Index of 7.39%. As of 03/31/2024 the ending value of the Grosvenor Institutional Partners, L.P. hedge fund was \$12,217,000.

Affiliated Housing Impact Fund LP - Period beginning 11/01/2022 and ending 03/31/2024

As of 03/31/2024, the ending value of the Affiliated Housing Impact Fund LP was \$4,558,000.

Artemis Real Estate Partners Fund IV - Period beginning 11/01/2022 and ending 03/31/2024

As of 03/31/2024, the ending value of the Artemis Real Estate Partners Fund IV was \$988,000.

TerraCap Partners Fund V - Period beginning 11/01/2022 and ending 03/31/2024

As of 03/31/2024, the ending value of the TerraCap Partners Fund V was \$3,672,000.

50 South Private Equity Core Fund X - Period beginning 04/01/2023 and ending 03/31/2024

As of 03/31/2024, the ending value of the 50 South Private Equity Core Fund X was \$3,608,000.

50 South Private Equity Core Fund XI - Period beginning 02/01/2024 and ending 03/31/2024

As of 03/31/2024, the ending value of the 50 South Private Equity Core Fund XI was \$395,000.

HarbourVest Dover Street Fund XI - Period beginning 07/01/2023 and ending 03/31/2024

As of 03/31/2024, the ending value of the HarbourVest Dover Street Fund XI was \$2,491,000.

Taurus Private Markets Fund II LP - Period beginning 11/01/2023 and ending 03/31/2024

As of 03/31/2024, the ending value of the Taurus Private Markets Fund II LP was \$592,000.

Virtus Real Estate Fund IV - Period beginning 01/01/2024 and ending 03/31/2024

As of 03/31/2024, the ending value of the Virtus Real Estate Fund IV was \$1,435,000.

TOTAL FUND: As of 03/31/2024, the ending value of the Fund was \$1,167,089,000. Of the \$1,167,089,000, the cash equivalent portion of the Fund was 5.18% or \$60,460,000. The results for the 12-month period ending 03/31/2024 show that the Fund's net return of 12.44%, outperformed the benchmark indices of 11.90%.

During this 12-month period:

- Corient significantly outperformed the S&P 500 Index
- Corient outperformed the Index composed of ½ BBGIC and ½ BBGC
- Grosvenor outperformed the 90-day T-Bill +5% Index
- Intercontinental significantly underperformed the NCREIF Fund Index-Open End Diversified Core
- 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 slightly underperformed the Russell 1000 Value Index
- RhumbLine slightly underperformed the MSCI EAFE Index
- Tocqueville slightly underperformed the Index composed of ½ BBGIC and ½ BBGC
- Vanguard slightly outperformed the CRSP U.S. Total Market TR Index
- Wellington outperformed the Russell 2000 Index

### **Quarterly DROP Review**

Mr. Vavrica reviewed the Voya and Nationwide DROP investment options for the period ending March 31, 2024.

### **DROP Mutual Fund Review**

Mr. Vavrica was prepared to discuss a few recommended changes to funds that are underperforming within the existing Voya and Nationwide framework. However, before considering any changes, Mr. Vavrica mentioned that during his recent discussions with both Voya and Nationwide, he inquired about modifying the existing pricing relationship. (Attachment #4)

Mr. Vavrica explained that the DROP currently functions under a revenue share platform. That means that within the mutual fund, one component of the fee pays for the platform, i.e., Voya and Nationwide; and then another component of the fee pays for the fund company, i.e., T. Rowe Price, Fidelity, etc.

A few years ago, the Board considered a flat fee platform as opposed to the revenue share platform. Unfortunately, at that time, the flat fee platform was not available with a guaranteed fixed account option, so the Board opted against it. Today, the environment has evolved and that is no longer the case. Both Voya and Nationwide can offer a guaranteed fixed account option within a flat fee platform.

A flat fee option would essentially open up a greater number of investments because the funds would not need to include revenue sharing to pay for the platform. Under a flat fee arrangement, the members would just pay an agreed rate plus the actual fund cost. Mr. Vavrica believes this may save money for the members and asked for permission to get new pricing quotes from Voya, Nationwide and other providers, to look at modifying the type of platform from revenue share to flat fee.

Chairman Johnson asked if a change to the pricing relationship would be confusing because most participants do not see the fee as it is netted out of the return of the fund. Mr. Vavrica acknowledged that a change could be confusing and would require additional education on the implementation side.

After various discussions the Board directed Mr. Vavrica to proceed with getting new pricing quotes and tabled the mutual fund review to a future date.

### **Fund rebalancing**

Mr. Vavrica advised that the domestic equity portfolio has had a fantastic performance year-to-date and recommended the following Fund rebalancing to areas that are slightly underweight such as domestic fixed income and cash:

From Corient Equity:	-\$18,000,000
From RhumbLine Mid Cap	-\$ 8,000,000
From Wellington Small Cap	-\$ 8,700,000
Total	-\$34,700,000
To Vanguard Total Stock Market	+\$ 2,000,000
To Corient Fixed Income	+\$ 2,900,000
To Tocqueville Fixed Income	+\$ 1,800,000
To Cash	+\$28,000,000
	+\$34,700,000

Trustee Nolan stated that he would like to build Tocqueville's allocation to at least a 50/50 split between Corient Fixed Income and Tocqueville Fixed Income. There were various discussions and the Board agreed to increase Tocqueville's allocation over time.

Trustee Nolan made a motion to approve rebalancing the Fund with adjustments as follows:

From Corient Equity:	-\$18,000,000
From RhumbLine Mid Cap	-\$ 8,000,000
From Wellington Small Cap	-\$ 8,700,000
Total	-\$34,700,000
To Vanguard Total Stock Market	+\$ 2,000,000
To Tocqueville Fixed Income	+\$14,700,000
To Cash	+\$18,000,000
	+\$34,700,000

The motion was seconded by Trustee Frazier and unanimously carried. (Attachment #5)



**DIRECTOR'S REPORT**

**Email dated April 24, 2024, from Chairman Paul Johnson, regarding adding an additional Portfolio Monitoring provider**

Chairman Johnson explained that over the years, as he attends conferences and seminars, he has gained a greater appreciation for portfolio monitoring and security litigation firms that may have regional and global expertise. The Fund's assets and their complexity have grown, and he would like the Board to consider adding another firm to its existing portfolio monitoring and security litigation associates of Saxena White P.A. and Bernstein Litowitz Berger & Grossmann LLP. (Attachment #6)

Mr. Kaufman commented that there is no downside and no additional cost to the Plan for securing additional monitoring firms. KKJL regularly works with many firms which other large pension funds of similar size and scope utilize on a regular basis. Mr. Kaufman agreed to invite two or three firms for review to the June 20, 2024, meeting.

**Email dated April 29, 2024, from the State approving the 2023 Annual Report**

An email from the State dated April 29, 2024, provided confirmation that the 2023 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 #7)

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

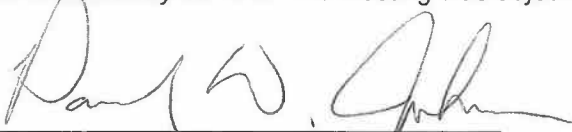
The Director advised that for FY 2023/2024, two members will meet the IRC 415 limit in September.


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

- A. Administrative Budget
- B. Management Fees Fiscal Year vs. Budget

**ADJOURNMENT**

Trustee Cardeno made a motion to adjourn the meeting. The motion was seconded by Trustee Nicholas and unanimously carried. The meeting was adjourned at 10:34 AM.

  
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Paul D. Johnson, Chairman

  
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Steven L. Feldman, Secretary