

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

965TH BOARD OF TRUSTEES MEETING

August 15, 2024

*COPIES OF MINUTES ARE BEING
PROVIDED WITHOUT ATTACHMENTS.*

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

**965th MEETING OF THE BOARD OF TRUSTEES
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

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CALL TO ORDER

Meeting was called to order at 8:36 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

ADMINISTRATION

Hernan D. Cardeno
Tameka Otto Stewart

Absent was:

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:

Justin Ellsesser - Senior Research Analyst, Mariner
Brendon Vavrica, CFP - Senior Institutional Advisor, Mariner

RESIGNATION OF TRUSTEE ERIC T. CARPENTER EFFECTIVE JULY 25, 2024, DUE TO APPOINTMENT AS CITY MANAGER

Director Brito advised that Eric T. Carpenter has resigned from the Board of Trustees of the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach effective July 25, 2024. The Director sent a memorandum to Mayor Steven Meiner requesting that a new Trustee be appointed to the Board. (Attachment #2)

Chairman Johnson acknowledged Mr. Carpenter's dedicated five years of service as Trustee to the Fire and Police Pension Board. He appreciated his thoughtfulness and fair reasoning and wished him the best as City Manager.

MINUTES

Regular Meeting of the Board of Trustees – July 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 Secretary Feldman and unanimously carried.

RFP Evaluation Committee Meeting – July 17, 2024

Minutes from the July 17, 2024, RFP Evaluation Committee meeting were distributed as part of the agenda packet. Trustee Frazier made a motion to approve the minutes. The motion was seconded by Secretary Feldman and unanimously carried.

RFP Evaluation Committee Meeting – July 31, 2024

Minutes from the July 31, 2024, RFP Evaluation Committee meeting were distributed as part of the agenda packet. Secretary Feldman made a motion to approve the minutes. The motion was seconded by Trustee Frazier and unanimously carried.

DEFERRED RETIREMENT OPTION PLAN (DROP) – APPROVAL OF ENTRY

Police Officer Limura O. Barreto retired under the DROP program effective August 1, 2024, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Officer Barreto had 19 years and 4 months of pension service and met the eligibility for retirement by Tier 1 and attainment of age 50.

Fire Lieutenant Zvi Hirsch retired under the DROP program effective August 1, 2024, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Lieutenant Hirsch had 24 years and 3 months of pension service and met the eligibility for retirement by Tier 1, and attainment of 85% maximum pension benefit. In addition, Lieutenant Hirsch purchased the 3% multiplier and 1 year and 9 months of pre-employment public safety service time.

Deputy Fire Chief Juan R. Mestas retired under the DROP program effective August 1, 2024, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Deputy Chief Mestas had 10 years and 2 months of pension service and met the eligibility for retirement by Tier 3 and attainment of age 50. In addition, Deputy Chief Mestas purchased the 6% multiplier.

Secretary Feldman made a motion to approve the pension service retirement for Officer Barreto, Lieutenant Hirsch and Deputy Chief Mestas and grant entry into the DROP. The motion was seconded by Trustee Frazier and unanimously carried. (Attachment #1-1 Schedule A)

Fire Captain Dwight M. Nicholas retired under the DROP program effective August 1, 2024, in accordance with the Miami Beach Code, Section 66(a) and Section 79. Captain Nicholas had 19 years and 6 months of pension service and met the eligibility for retirement by Tier 1 and attainment of age 50. In addition, Captain Nicholas purchased the 6% multiplier.

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

COMMENCEMENT OF PENSION

Police Officer Elio Cruz, who was retired under the DROP program, resigned from City employment effective July 31, 2024. He is eligible to commence his monthly pension in accordance with the Miami Beach Code, Section 66(a) and Section 79.

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

DECEASED

Retired Fire Captain Raymond S. Koskey passed away on July 8, 2024. Widow Linda A. Koskey 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.

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

FINANCIAL REPORT FOR AUGUST 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 #5366-5373 as presented. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #1)

BUYBACKS COVERING THE PERIOD OF JUNE 21, 2024, THROUGH AUGUST 15, 2024

The following buyback schedules included in the agenda packet were processed from June 21, 2024, through August 15, 2024:

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

Secretary Feldman made a motion to approve the buybacks shown on the schedules. The motion was seconded by Trustee Frazier and unanimously carried. (Attachment #3)

COUNSEL

Update on engagement letter from KSDT

Update on Mariner Agreement for Investment Performance Monitoring and Advisory Services

Attorney Kaufman reported that both the KSDT engagement letter and the Mariner agreement were successfully negotiated and executed as directed by the Board. The Director thanked Mr. Kaufman for negotiating both 3-year contract agreements. (Attachments #4 and #5)

Update on disability applications

Regarding Police Officer Christopher A. Marin, pending receipt of the final medical board report, the informal service-connected disability hearing will be scheduled for the September 19, 2024, board meeting.

Regarding Police Sergeant Michelle M. Sayegh, she has been scheduled for her Independent Medical Evaluations (IMEs) and depending on when the final medical board report is received, the informal service-connected disability hearing will be scheduled for either the upcoming September or October board meeting.

MARINER
BRENDON VAVRICA, CFP – SENIOR INSTITUTIONAL ADVISOR

Investment Performance Review

Brendon Vavrica provided the Investment Performance Review for the period ending June 30, 2024. In summary, the Fund's total fiscal year to date net return is 12.78% (October 1, 2023, through June 30, 2024).

Corient S&P 500 - Period beginning 01/01/2000 and ending 06/30/2024

Corient equity had an annualized return from inception of 8.62% compared to the S&P 500 Index of 7.51%. As of 06/30/2024, the ending value of the Corient equity portfolio including \$745,000 in cash equivalent was \$226,752,000.

Wellington Management Company Small Cap - Period beginning 07/01/1999 and ending 06/30/2024

Wellington equity had an annualized return from inception of 11.18% compared to the Russell 2000 Index of 7.60%. As of 06/30/2024, the ending value of the Wellington portfolio was \$119,764,000.

Logan Capital Management Large Cap Growth - Period beginning 04/01/2007 and ending 06/30/2024

Logan equity had an annualized return from inception of 11.62% compared to the Russell 1000 Growth Index of 13.05%. As of 06/30/2024, the ending value of the Logan portfolio including \$959,000 in cash equivalent was \$79,314,000.

RhumbLine Advisers Large Cap Value - Period beginning 01/01/2017 and ending 06/30/2024

RhumbLine equity index fund had an annualized return from inception of 8.63% compared to the Russell 1000 Value Index of 8.67%. As of 06/30/2024, the ending value of the RhumbLine portfolio was \$76,604,000.

RhumbLine Advisers Mid Cap - Period beginning 07/01/1997 and ending 06/30/2024

RhumbLine equity index fund had an annualized return from inception of 10.53% compared to the S&P MidCap 400 Index of 10.54%. As of 06/30/2024, the ending value of the RhumbLine portfolio including \$178,000 in cash equivalent was \$116,402,000.

RhumbLine Advisers International Equity - Period beginning 01/01/2016 and ending 06/30/2024

RhumbLine international equity index fund had an annualized return from inception of 6.63% compared to the MSCI EAFE Index of 6.97%. As of 06/30/2024, the ending value of the RhumbLine portfolio was \$64,033,000.

Vanguard Total Stock Market (VTSAX) - Period beginning 09/01/2022 and ending 06/30/2024

Vanguard Total Stock Market had an annualized return from inception of 19.73% compared to the CRSP U.S. Total Market TR Index of 19.72%. As of 06/30/2024, the ending value of the Vanguard Total Stock Market (VTSAX) fund was \$10,566,000.

J.P. Morgan Asset Management Real Estate - Period beginning 10/01/2007 and ending 06/30/2024

J.P. Morgan real estate, Strategic Property Fund (SPF), had an annualized return from inception of 4.03% compared to the NCREIF Index-Open End Diversified Core of 4.72%. As of 06/30/2024, the ending value of the portfolio was \$46,638,000.

J.P. Morgan Asset Management Real Estate - Period beginning 01/01/2021 and ending 06/30/2024

J.P. Morgan real estate, Special Situation Property Fund (SSPF), had an annualized negative return from inception of -5.08% compared to the NCREIF Index-Open End Diversified Core of 3.59%. As of 06/30/2024, the ending value of the portfolio was \$38,837,000.

Intercontinental Real Estate - Period beginning 04/01/2018 and ending 06/30/2024

Intercontinental real estate had an annualized return from inception of 3.07% compared to the NCREIF Index-Open End Diversified Core of 4.18%. As of 06/30/2024, the ending value of the Intercontinental portfolio was \$52,520,000.

Corient Fixed Income - Period beginning 10/01/1990 and ending 06/30/2024

Corient fixed income had an annualized return from inception of 5.31% compared to the ½ BBGIC and ½ BBGC Index of 4.90%. As of 06/30/2024, the ending value of the Corient fixed income portfolio including \$7,562,000 in cash equivalent was \$148,844,000; and the ending value of Corient's cash was \$54,042,000.

Tocqueville Asset Management Fixed Income - Period beginning 11/01/2020 and ending 06/30/2024

Tocqueville fixed income had an annualized negative return from inception of -1.27% compared to the ½ BBGIC and ½ BBGC Index of -1.86%. As of 06/30/2024, the ending value of the Tocqueville fixed income portfolio including \$1,227,000 in cash equivalent was \$84,995,000.

Grosvenor Institutional Partners, L.P. - Period beginning 11/01/2020 and ending 06/30/2024

Grosvenor Institutional Partners hedge fund had an annualized return from inception of 6.19% compared to the 90-day T-Bill + 5.0% Index of 7.61%. As of 06/30/2024 the ending value of the Grosvenor Institutional Partners, L.P. hedge fund was \$12,464,000.

Affiliated Housing Impact Fund LP - Period beginning 11/01/2022 and ending 06/30/2024

As of 06/30/2024, the ending value of the Affiliated Housing Impact Fund LP was \$4,714,000.

Artemis Real Estate Partners Fund IV - Period beginning 11/01/2022 and ending 06/30/2024

As of 06/30/2024, the ending value of the Artemis Real Estate Partners Fund IV was \$1,601,000.

TerraCap Partners Fund V - Period beginning 11/01/2022 and ending 06/30/2024

As of 06/30/2024, the ending value of the TerraCap Partners Fund V was \$3,594,000.

50 South Private Equity Core Fund X - Period beginning 04/01/2023 and ending 06/30/2024

As of 06/30/2024, the ending value of the 50 South Private Equity Core Fund X was \$4,697,000.

50 South Private Equity Core Fund XI - Period beginning 02/01/2024 and ending 06/30/2024

As of 06/30/2024, the ending value of the 50 South Private Equity Core Fund XI was \$396,000.

HarbourVest Dover Street Fund XI - Period beginning 07/01/2023 and ending 06/30/2024

As of 06/30/2024, the ending value of the HarbourVest Dover Street Fund XI was \$2,685,000.

Taurus Private Markets Fund II LP - Period beginning 11/01/2023 and ending 06/30/2024

As of 06/30/2024, the ending value of the Taurus Private Markets Fund II LP was \$830,000.

Virtus Real Estate Fund IV - Period beginning 01/01/2024 and ending 06/30/2024

As of 06/30/2024, the ending value of the Virtus Real Estate Fund IV was \$1,377,000.

TOTAL FUND: As of 06/30/2024, the ending value of the Fund was \$1,151,669,000. Of the \$1,151,669,000, the cash equivalent portion of the Fund was 5.62% or \$64,713,000. The results for the 12-month period ending 06/30/2024 show that the Fund's net return of 9.23%, outperformed the benchmark indices of 9.01%.

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 underperformed 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 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 underperformed the Index composed of ½ BBGIC and ½ BBGC
- Vanguard slightly outperformed the CRSP U.S. Total Market TR Index
- Wellington significantly outperformed the Russell 2000 Index

Mr. Vavrica advised that J.P. Morgan has announced a new Fee Credit Program to investors in the Strategic Property Fund (SPF) and the Special Situation Property Fund (SSPF). Beginning with the third quarter 2024, direct investors in these funds who pay standard management fees will receive an automatic 30% credit on their entire investment management fee, provided that they have no more than 20% of their Net Asset Value (NAV) requested for redemption during the credit period. This program is temporary and will run for the 18-month period beginning July 1, 2024, and ending December 31, 2025.

Furthermore, in order to take full advantage of the 30% fee reduction, the Board would have to modify the SSPF Termination Request so that every quarter it meets the 20% redemption threshold. Mariner recommends taking advantage of the program as this is potentially a meaningful cost savings for the Plan and does not extend the exit from the SSPF.

Secretary Feldman made a motion to take full advantage of the Fee Credit Program by modifying the SSPF Termination Request to a quarterly redemption request equal to 20% of NAV. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #6)

With regard to Logan Capital Management, Chairman Johnson commented that Logan and many other managers within the Universe of the Russell 1000 growth index have historically underperformed. An argument could be made to stop trying to beat the index and just go passive. Mr. Vavrica agreed to bring additional information beyond the Universe comparison to take a deeper look into this asset class.

Quarterly DROP Review

Mr. Vavrica reviewed the Voya and Nationwide DROP investment options for the period ending June 30, 2024. He does not recommend any changes at this time.

Private Equity Program (Attachment #7)

1. **Private Equity Pacing Study (Attachment #8)**
2. **Private Equity Search – Discussion and possible action (Attachment #9)**

Last year a total of \$20,000,000 was allocated to private equity through a blended investment approach of fund of funds and multi-manager co-investments. This year the updated pacing model estimates that a commitment of \$10,000,000 is needed to maintain the 3% private equity target allocation within 7 years.

Mr. Ellsesser noted that so far, the portfolio construction of the Plan consists of 50% to fund of funds, 25% to co-investments, and 25% to secondaries. In order to manage the number of funds, he suggested that going forward new commitments can be made every other year. With that in mind, this year Mariner is providing options for co-investment managers and will alternate the next commitment to funds of funds managers.

Mr. Ellsesser evaluated the following candidates' summary, investment team, key differentiators, key terms and performance comparison:

Multi-manager Co-investments

- AlInvest Partners B.V. (AlInvest) – AlInvest Co-Investment Fund IX, L.P.
- Schroders Capital Management (US) Inc. (Schroders) – Schroder Capital Private Equity Global Direct IV

There were various discussions regarding the number of funds that are approved by Mariner versus which funds are currently raising capital in the market. From the two co-investment options, Mariner recommended the full \$10,000,000 to be committed to Schroders Capital Management (US) Inc.

Trustee Frazier made a motion for a private equity commitment of \$10,000,000 to Schroders Capital Management (US) Inc. The motion was seconded by Trustee Nicholas. Several Trustees felt it was necessary to meet with Schroders before making a formal commitment. Trustee Frazier withdrew his motion and the Board agreed to invite Schroders to the September 2024 meeting.

RECOMMENDATION FROM RFP EVALUATION COMMITTEE FOR PENSION ADMINISTRATION SOFTWARE

The RFP produced three proposals: 1. Lynchval Systems Worldwide Inc., 2. Pension Technology Group LLC, and 3. The Resource Centers, LLC. The RFP Evaluation Committee met with all three proposers. After various considerations, a recommendation was made to the Board to retain Lynchval Systems Worldwide Inc. to provide the scope of services as defined in the RFP for pension administration software.

The Director explained that an additional meeting still needs to be arranged between the evaluation committee and the City's IT department to determine if the data will be hosted on Lynchval's AWS servers or the City of Miami Beach servers. Therefore, the Committee requested authority from the Board to negotiate and to execute a final contract with Lynchval Systems Worldwide Inc. within the parameters of the following fee schedule:

LYNCHVAL SYSTEMS WORLDWIDE INC.

One Time Software License fee:	\$	150,000.00
One Time Project Implementation fee:	\$	175,000.00
Annual Hosting fee (IF APPLICABLE):		
Year 1	\$	66,672.00
Year 2	\$	66,672.00
Year 3	\$	66,672.00
Year 4	\$	68,672.00
Year 5	\$	68,672.00
	SUBTOTAL: \$	337,360.00
Annual Software Subscription or Maintenance fee:		
Year 1	\$	-
Year 2	\$	30,000.00
Year 3	\$	30,000.00
Year 4	\$	32,000.00
Year 5	\$	32,000.00
	SUBTOTAL: \$	124,000.00
	TOTAL 5 YEARS: \$	786,360.00

Trustee Nicholas made a motion to authorize the RFP Evaluation Committee to decide where the data will be hosted and to negotiate and execute, upon counsel's approval, a final contract with Lynchval Systems Worldwide, Inc. The motion was seconded by Trustee Frazier and unanimously carried.

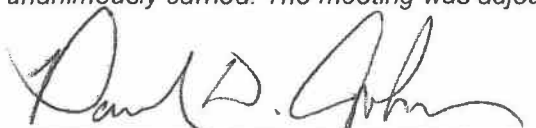
DIRECTOR'S REPORT


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 Frazier and unanimously carried. The meeting was adjourned at 11:08 AM.


 Paul D. Johnson, Chairman


 Steven L. Feldman, Secretary