

**MINUTES OF THE REGULAR MEETING OF
THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

December 12, 2018

Members Present

O. Cotera	-	Appointed by the City Commission
M. Fernandez	-	Appointed by the City Commission
T. Gabriel	-	Appointed by the City Commission
S. MacDonald	-	Elected by the Police Officers
T. Roell	-	Appointed by the City Commission
R. Suarez	-	Elected by the Fire Fighters

Also Present

R. Klausner	-	Legal Advisor
H. Merlak	-	Nyhart
D. Winegardner	-	Nyhart
W. Cottle	-	Investment Consultant
S. Cottle	-	Investment Consultant

Members Absent

N. Enriquez	-	Elected by the Fire Fighters
Vacant	-	Appointed by the City Manager
A. Valdivia	-	Elected by the Police Officers

Chairman O. Cotera called the meeting to order at 9:20 a.m. with a quorum being present.

INPUT FROM RETIRED/ACTIVE MEMBERS

BARROW, HANLEY, ET AL

D. Hardin the Trust's portfolio manager with Barrow Hanley et al, addressed the Board to announce his retirement and introduce our new portfolio manager. The Board express their appreciation for the many years of service. Mr. Hardin has been the Trust's portfolio manager since the inception of the Trust's engagement with Barrow, over 20 years.

IAFF LOCAL 3638 – KEY BISCAZYNE

J. Marti, President of the IAFF Local 3638 addressed the Board to request approval for the FIPO Administrator to provide administrative services to the Key Biscayne Fire and Police Retirement Plan. A lengthy discussion ensued. The expressed concern as to the liability the Trust would assume by allowing this. The Board was also concerned as to whether the City of Miami and the Key Biscayne Village Council would allow for this. A motion was made by T. Gabriel and seconded by R. Suarez to assign this issue to the Personnel Committee. The Personnel Committee will explore the issue and report back to the Board. Discussion resumed. The motion was approved unanimously.

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INVESTMENT PRACTICES/PERFORMANCE REVIEW

D. Altmond was present representing the firm of Lockton Investment Services. Before the report presentation, Trustee M. Fernandez stressed that it had not been the intent of the Board to focus the review on the Investment Consultant. Discussion ensued. D. Altmond reviewed with the Board the report he prepared on Fund and Investment Consultant performance as it compared to the Trust's peers. Recommendations were reviewed. A question and answer period followed the presentation. A motion was made by T. Gabriel and seconded by T. Roell to accept the report. The motion was approved unanimously.

The Investment Consultants, W. Cottle and S. Cottle, were present for the presentation. Chairman O. Cotera asked the Consultants if they wanted to address the report. The Consultants address some of the issues listed on the report. The Consultant informed that Board that Milliman would be requesting a fee increase to \$250,000.00. Discussion ensued. A motion was made by T. Gabriel and seconded by T. Roell to conduct an RFP for an Investment Consultant. Discussion resumed. The motion was approved unanimously. Discussion resumed. T. Gabriel moved and was seconded by S. MacDonald to schedule a special meeting to do an in-depth review of the Trust's asset allocation and the number of management firms the Trust is engaged with. The motion was approved unanimously.

ATTORNEY'S REPORT

A motion was made by S. MacDonald and seconded by M. Fernandez to take the Attorney's and report out of order. The motion was approved Unanimously

Financial Urgency - The Attorney reported that the City and the Labor Unions had reached an agreement on the matter of benefit restoration and back pay.

Castro Litigation Update – Attorney and Administrator attended a mediation session on November 19th. Based on an unanswered Motion filed, the mediation was placed on hold.

Securities Litigation Quate – Attorney reviewed the case and requested Board approval to file for lead plaintiff. A motion was made by T. Roell and seconded by T. Gabriel to approved the request. The motion was approved unanimously.

A motion was made by S. MacDonald and seconded by R. Suarez to return to normal order of business. The motion approved unanimously.

2019 COLA TABLE AND DRAFT VALUATION

COLA Committee Chair O. Cotera reported that the COLA Committee had met earlier and approved to keep the COLA Table at \$1670 for 2019. T. Gabriel moved and was seconded

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2019 COLA TABLE AND DRAFT VALUATION (continued)

by R. Suarez to acknowledge the Committee report. The motion was approved unanimously.

H. Merlak and D. Winegardner were present representing Nyhart. They reviewed the Summary of the Actuarial Valuation report for FY 2019-2020. Discussion ensued. A motion was made by T. Gabriel and seconded by T. Roell to direct the actuaries prepare a report analyzing cost impact by using (1) plan experience differing from that anticipated by the economic or demographic assumptions and (2) change in economic or demographic assumptions. Discussion resumed. The motion was approved unanimously. An additional motion was made to ask the Actuary to include in the analysis the impact of a gradual decrease in the interest rate of assumptions to 7.3% and then to 7.25%. The motion was made by T. Gabriel and seconded by T. Roell and approved by a unanimous vote. Discussion resumed. A motion was made by T. Roell and seconded by T. Gabriel to reduce the disability assumption by 50% and increase the assumption for member terminations by 25%. Discussion continued. The motion was approved unanimously. T. Gabriel moved and was seconded by T. Roell to approve the draft of the report with the changes in assumptions. The motion was approved unanimously.

COLA Committee Member O. Cotera reported that the Committee had met earlier in the day and after review of the COLA Report presented by the Board's Actuaries, the Committee had voted to approve maintaining the COLA Table at \$1670. Board unanimously accepted the Committee's report.

APPROVAL OF MINUTES

The minutes of the Regular Meeting of September 5, 2018, were reviewed. The minutes were approved by a motion from T. Roell a second by T. Gabriel, and a unanimous vote.

The minutes of the Investment Review Meeting of November 1, 2018, were reviewed. A motion was made by T. Gabriel and seconded by S. MacDonald to approve the minutes. The motion was approved unanimously.

RATIFICATION OF PAYMENT

Payments for the period were reviewed. A motion was made by R. Suarez and seconded by S. MacDonald to ratify payments presented. The motion was approved unanimously.

INVESTMENT ISSUES

- Manager Structure, Style and Correlation: The Consultant reviewed an analysis prepared, at the request of the Board, to clarification of the Trust's investment manager line up by style. The analysis concluded that the Trust is adequately diversified by style, market cap and fixed income segment. The excess return correlations across each manager in their asset class provides indication that there is not any evidence of over diversification. In fact, many of the excess return correlations are negative for multiple manager groupings.

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INVESTMENT ISSUES (continued)

- Core Fixed Income Review: A memorandum on fee schedules for the Trust's core fixed income managers was reviewed. While there is reasonable diversification in the overall fixed income manager structure, in the core fixed income space, the performance results for Dodge & Cox have been superior to that of INCORE. Based on this net of fee performance differential and comparable risk levels, the Consultant recommended a shift of the INCORE bond holdings to Dodge & Cox.
- Capital Dynamics Review: At the request of the Board, the Consultant held a call with Capital Dynamics to review the firm's new venture in private credit investing. The firm was asked to complete a questionnaire regarding the organization, the investment team and the private credit investment strategy. The Consultant reported that he had reviewed the responses. The Consultant reviewed the memorandum prepared on the outcome. The memorandum concluded that, if the Board had interest in private credit investing, the Consultant recommended that the Board compare the Capital Dynamics investment opportunity to a broader set of private credit fund manager. The memorandum also noted that it would be necessary for the Board to adopt changes to its Investment Policy Statement to allow private credit investments in order to comply with Florida Statutes.

CONFERENCES DURING THE PERIOD

A motion was made by T. Gabriel and seconded by R. Suarez to approve the attendance of any member interested in attending any conferences for the period. The motion was approved unanimously.

Being no further business, the meeting was adjourned at 12:15 p.m. by a motion by T. Gabriel a second by S. MacDonald and a unanimous vote.



Ornel Cotera, Chairman

Attest:



Dania Orta, Administrator