

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

November 11, 2018

**MEMBERS PRESENT**

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

**ALSO PRESENT**

S. Kauffman	-	Legal Counsel
W. Cottle	-	Investment Consultant
S. Cottle	-	Investment Consultant
J. Nipp	-	Investment Consultant

**MEMBERS ABSENT**

T. Roell	-	Appointed by the City Commission
Vacant	-	City Manager Appointee

Chairman O. Cotera called the meeting to order at 8:35 a.m. with a quorum being present.

**ADMINISTRATIVE ISSUES**

**Legal Correspondence**

The Board was given a letter prepared by its Legal Counsel clarifying his role in the Financial Urgency negotiations between the City and the FOP. Discussion ensued. It was the consensus of the Board to have the Personnel Committee review the correspondence with Legal Counsel.

**Custodial Records Access**

For the purposes of assistance in securities litigations, Legal Counsel requested the approval of the Board to request that the Custodial Bank, Northern Trust, grant them, red only access, to the portfolio holdings. A motion was made by T. Gabriel and seconded by A. Valdivia to allow the request. The motion was approved unanimously.

**City – Investment Possibility**

Trustee R. Suarez informed the Board that he had been approached by the City regarding the possibility of the Board exploring investing in the development of underdeveloped areas. Discussion ensued. This issue is addressed in the new Tax Reform Law which creates what is being called as Opportunity Zones and provides tax incentives for investments in the developing in such areas. No action was taken.

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INVESTMENT /ISSUES AND PERFORMANCE REVIEW QE 09/30/2018

MILLIMAN USA – Represented by W. Cottle, S. Cottle

The Consultant reviewed with the Board the performance for quarter ending September 30, 2018. Specific points addressed are as follows:

Performance Report

The FIPO Trust had a total market value of \$1,560,554,051 as of September 30, 2018, which represents a increase of \$3.3 million from the June 30, 2018 market value. The overall increase in the Trust's market value was the result of -\$39.8 million in net cash flows and an investment gain of \$43.1 million. The Trust had a return, net of fees, of 2.6% during the third quarter of 2018, which matched the Fund's benchmark.

Watch List

First Eagle's value-oriented international equity portfolio was placed on the Watch List at the November 2, 2017, Board Meeting. First Eagle underperformed in the quarter. The one-year results however are above the benchmark. First Eagle will remain on the Watch List.

BNP Paribas' Tiller Absolute Return Fund was placed on the Watch List at the November 11, 2018, Board Meeting. Results improved in the current quarter, but the Manger will remain on Watch List.

Investment Policy

The Consultant reviewed with the Board the latest draft of the Investment Policy. Discussion ensued. The Board expressed concern on Manager correlation questioning the possible overlapping in the investment manager line-up and style. The Consultant was asked to review and provide a report.

Proposed Funding – Private Equity

The Consultant reported that over the last months he has been engaged in reviewing the limited partnership agreements with Collier Capital, Lexington Capital Partners and JP Morgan and provided a summary of his review. The recommendation from the review is as follows:

Collier – commit \$15 million to Fund VIII

Lexington – commit \$15 million to Fund IX

JP Morgan – commit \$15 million to Fund VIII



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INVESTMENT /ISSUES AND PERFORMANCE REVIEW QE 9/30/2018 (continued)

Proposed Funding – Private Equity (continued)

A review of the cash flow analysis, the existing private equity investments are expected to provide more cash than will be needed to invest in these new Funds. Over the next three years, net cash after investing in these three funds is expected to be approximately \$30 million. Discussion ensued. A motion was made by T. Gabriel and seconded by M. Fernandez to accept the Consultant's recommendations and commit \$15 million to Collier Capital Fund VIII, \$15 million to Lexington Capital Partners Fund IX, and \$15 million to JP Morgan Fund VIII.

Emerging Markets

The Consultant reviewed a memo prepared addressing Emerging Markets and recapping the recommendation made back in July's 2017 Asset Allocation study. The Consultant once again recommends the Board make a seed investment of \$75 million into the GSAM Emerging Market Equity commingled vehicle. The GSAM strategy has exhibited very compelling risk and return characteristics and is being offered to the Trust at a relatively low expense. Discussion followed the presentation. The Board took no action.

MANAGER PRESENTATIONS

The below listed Investment Managers made presentations to the Board on their performance for quarter ending September 30, 2018. A copy of their individual reports is on file at the Fire and Police Pension Office and available for review.

BNP Paribas – A. Johnson, S. Chakravarty

Boston Partners – J. Forelli, E. Sheerin

Center Square – S. Maguire

Dodge & Cox – S. Notowich

S. Notowich asked for the Board to allow them to hold Telecom Italia, which is related below the Fund's required rating. A motion was made by R. Suarez and seconded by A. Valdivia to allow the request. The motion was approved unanimously.

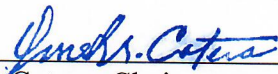
Eagle Asset – E. Rick

Northern Trust – K. Miller

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With no further business, the meeting was adjourned at 12:25 p.m. by a motion from R. Suarez a second from S. MacDonald and a unanimous vote.

  
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O. Cotera, Chairman

Attest:



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Dania Orta, Administrator