



CITY OF MIAMI

FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

2022 Annual Report





ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Nelson Enriquez
Monica Fernandez
Thomas Gabriel
David Kahn
Thomas Roell
Robert Suarez
Annette Valdivia

May 12, 2023

We hereby provide the Comprehensive Annual Financial Report for the City of Miami Fire Fighters' and Police Officers' Retirement Trust (FIPO) for fiscal year ended September 30, 2022.

Administration assumes full responsibility for the accuracy and reliability of the information including the completeness and fairness of the presentation. To provide a reasonable basis for these representations, Administration has established a comprehensive internal control framework that is designed to provide reasonable assurance of the safeguarding of assets against loss from unauthorized use or disposition and the adequate reliability of accounting records. Monitoring and evaluation of internal controls is a function that is maintained on an ongoing basis.

FIPO's financial statements have been audited by a firm of licensed certified public accountants in the State of Florida as required by State Statute. The goal of the Financial Audit was to provide reasonable assurance that the financial statements are free of material misstatement. The audit was conducted in accordance with US generally accepted auditing standards and the standards applicable to financial audits in Government Auditing Standards issued by the Comptroller of the United States. Our independent accounting firm, MARCUM, LLC, concluded that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the fiscal year ended September 30, 2022, were fairly stated in conformity with US generally accepted accounting principles.

Sincerely,

Dania L. Orta
Administrator

Table of Contents

Intrudutory Section

| | |
|-------------------------------------------------------|---|
| Table of Organization..... | 1 |
| Board and Personnel Chart..... | 2 |
| Outline of Activities FY 10/01/2019 - 09/30/2020..... | 3 |

Financial Section

| | |
|---------------------------------------------------------|----|
| Report of Independedt Certified Public Accountants..... | 4 |
| Management Discussion and Analysis..... | 7 |
| Statements of Fiduciary Net Position..... | 13 |
| Statements of Changes in Fiduciary Net Position..... | 14 |
| Notes on Financial Statements..... | 15 |
| Required Supplementary Information..... | 38 |
| Notes to Required Supplementary Information..... | 41 |
| Schedule of Investment Returns..... | 42 |
| Schedule of Investment Expenses..... | 43 |
| Schedule of Administrative Expenses..... | 44 |
| Report on Internal Controls..... | 45 |

Investment Section

| | |
|-------------------------------|----|
| Investment Analysis..... | 47 |
| Fund Asset Allocation..... | 54 |
| Fund Performance Summary..... | 55 |
| Fund Growth Chart..... | 56 |

Actuarial Section

| | |
|--------------------------------------------|----|
| Enrolled Actuary's Statement..... | 57 |
| Actuarial Valuation Executive Summary..... | 59 |
| Assets & Liabilities..... | 64 |
| Contribution Requirement..... | 68 |
| Actuarial Assumptions..... | 69 |
| COLA Reporting..... | 73 |

Statistical Section

| | |
|-------------------------------------------|----|
| Statistical Data of Various Accounts..... | 89 |
| Demographic Information..... | 90 |
| Participant Reconciliation..... | 92 |

Plan Provisions Section

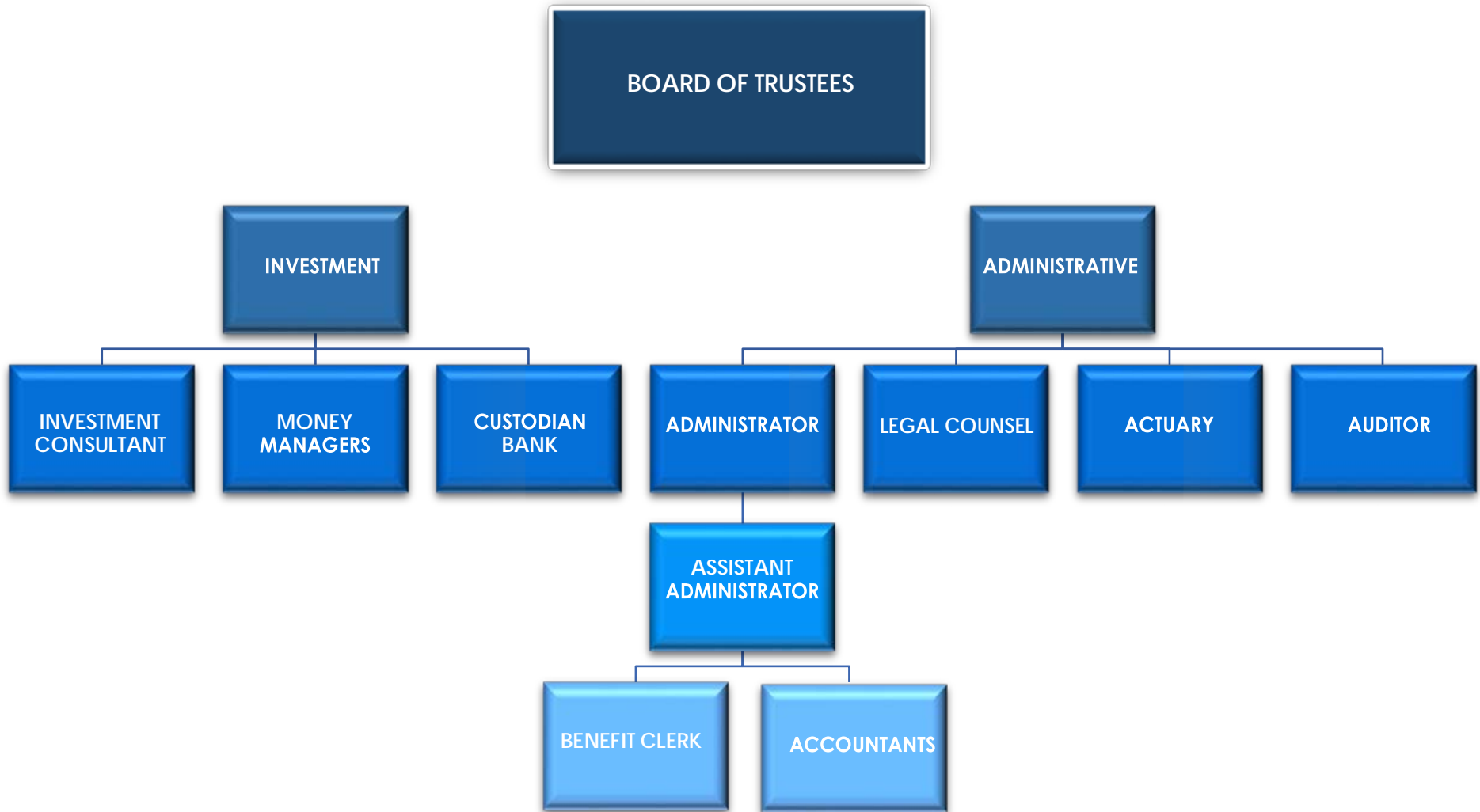
| | |
|-------------------------------------------------|----|
| Outline of Principal Benefits (Ord. 10002)..... | 94 |
| Ordinances Adopted During the Year..... | 99 |





Introductory Section

Table of Organization



BOARD OF TRUSTEES
AND
PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2022

Chairman

Ornel Cotera – Appointed by City Commission

Thomas Gabriel
Appointed by the City
Commission

Thomas Roell
Appointed by the City
Commission

Nelson Enriquez
Fire Captain
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City
Commission

Robert Suarez
Fire Lieutenant
Elected by the Fire Fighters

Annette Valdivia
Police Sergeant
Elected by the Police Officers

Sean Mac Donald
Police Captain
Elected by the Police Officers

Vacant
Appointed by City Manager

Administrator

Dania L. Orta

Legal Advisor

Klausner, Kaufman, Jensen & Levinson

Medical Advisor

Cornell Lupu, MD

Consulting Actuary

Nyhart

Certified Public Accountants

Marcum LLP

Investment Managers

Adams Street
AXA Investments
Black Rock Invest. Managers
Boston Partners
Catalyst Investment
Center Square
Champlain Asset Management
Coller Capital

Dodge & Cox
First Eagle
J.P. Morgan
Lexington Partners
Pacific Asset
Pantheon
S.L. Capital
Wellington Management

Consultant

Meketa

Custodian

Northern Trust Company



**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST**

On September 30, 2022, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its eighty-first year of operation.

Retirement benefits granted during the year represent annual benefits of \$4,640,047 and are as follows:

| | | |
|----|-------------------------------------------------------------------|-----------|
| 11 | Service Retirements with annual benefits of | 711,439 |
| 40 | DROP Service Retirements with annual benefits of | 4,082,798 |
| 20 | Benefit Adjustments with annual benefits of | 25,486 |
| 2 | Service Incurred Disability Retirement with annual benefits of | 179,481 |
| 2 | Ordinary Death Early Retirement with annual benefits of | 95,372 |

During the year, 49 pensioners of the Retirement Trust died. Of these, 36 had selected a pension which terminated at their death and 13 had selected an option that will continue to a beneficiary representing yearly benefits of \$275,901.

During the year ending September 30, 2022, the pension payroll totaled \$141,281,882, which is a increase of 2.48% when compared to the previous year's total payroll, and is broken down as follows:

| | | <u>ANNUAL BENEFITS</u> |
|------|-------------------------------------------|------------------------|
| 1663 | Service Retirements | 116,563,760 |
| 148 | DROP Service Retirements | 19,783,036 |
| 20 | Early Service Retirements | 294,154 |
| 6 | Ordinary Disability Retirements | 93,228 |
| 103 | Service/Accidental Disability Retirements | 2,799,632 |
| 7 | Accidental Death Retirements | 184,133 |
| 11 | Ordinary Death Early | 368,584 |
| 238 | Continuances | <u>3,782,267</u> |
| | | 143,868,795 |

| | |
|----------------------------------------------------|------------|
| Securities' gains and losses, Miscellaneous Income | 91,130,278 |
|----------------------------------------------------|------------|

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.





Financial Section



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Plan Administrator
City of Miami Firefighters' and Police Officers' Retirement Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Miami Firefighters' and Police Officers' Retirement Trust (the "Trust") which comprise of the statement of fiduciary net position as of September 30, 2022 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary net position of the Trust as of September 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust 's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the City's net pension liability and related ratios, schedule of City contributions, schedule of investment returns and notes related to required supplementary information on pages 4–9 and 35-39 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the



financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Investment Expenses and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Trust's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023, on our consideration of the City of Miami Firefighters' and Police Officers' Retirement Trust internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
February 17, 2023



THE CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Miami Firefighters' and Police Officers' Retirement Trust (the "Trust") financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2022, and 2021. Please read it in conjunction with the Trust's financial statements which follow this discussion.

FINANCIAL HIGHLIGHTS

- The Trust assets exceeded its liabilities at the close of fiscal year ended 2022 and 2021 by \$1.5 billion and \$1.8 billion, respectively. The Trust's net position is held in trust to meet future benefit payments. The Trust experienced a decrease in fiduciary net position of \$306.6 million in 2022 and an increase of \$217.6 million in fiduciary net position in 2021. The significant decrease in 2022 resulted primarily from changes in the fair value of the Trust's investments due to poor financial market performance as opposed to a strong performance in the market in 2021.
- For the fiscal year ended September 30, 2022, the Trust received contributions totaling \$90.7 million and had a net investment loss of \$-221.2 million.
- For the fiscal year ended September 30, 2021, the Trust received contributions totaling \$85.9 million and had a net investment income of \$301.9 million.
- For the fiscal year ended September 30, 2022, the Trust's deductions increased over the prior year from \$170.4 million to \$176.6 million or 3.6%. The increase can be attributed to a combination of increases in retiree payroll (more members retired), as well as the annual increase in the cost-of-living allowance (COLA II) given to retirees.
- For the fiscal year ended September 30, 2022, the total return of the portfolio was -12.3%. A decrease of 32.0% from the 19.7% return of the portfolio in 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements include the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position and Notes to the Financial Statements. The Trust also includes in this report additional information to supplement the financial statements.

The Trust presents required supplementary information, which provides historical trend information about the Trust.

The Trust prepares its financial statements on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. These statements provide information about the Trust's overall financial status.



THE CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

DESCRIPTION OF THE FINANCIAL STATEMENTS

The Statement of Fiduciary Net Position presents information that includes all of the Trust's assets and liabilities, with the balance representing the net position restricted for pension benefits. It is a snapshot of the financial position of the Trust at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The Statement of Changes in Fiduciary Net Position reports how the Trust's net position changed during the fiscal year. The additions and deductions to net position are summarized in these statements. The additions include contributions to the retirement plan from the employer ("City") and members and net investment income, which include interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The Notes to the Financial Statements are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Trust, contributions, significant accounting policies, funding policy, and investment risk disclosure.

The Required Supplementary Information included in this report is required by the Governmental Accounting Standards Board. These schedules consist of information pertaining to the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the Trust's investment returns.

Additional information is presented as part of the Supplementary Information. This section is not required but management has chosen to include it. It includes Schedules of Investment Expenses and Administrative Expenses. The Schedule of Investment Expenses presents the expenses incurred in managing and monitoring the investments of the Trust and include financial management, consultant, and custodial fees. The Schedule of Administrative Expenses presents the expenses incurred in the administration of the Trust.

FINANCIAL ANALYSIS

- Trust's total assets as of September 30, 2022, were \$1.5 billion and were mostly comprised of cash and cash equivalents, investments and securities lending collateral. Total assets decreased \$346.4 million or 18.5% as compared to 2021. The decrease in total assets was primarily due to the decrease in the Trust's portfolio investment balance as a result of the poor market performance in 2022. Cash and cash equivalents decreased due to less cash on hand as a result of additional allocations of cash for the start up of new investment strategy. Receivables decreased as the result of fewer accruals associated with pending securities sales transactions as of fiscal year end in comparison to prior year. Securities lending transactions collateral invested decreased in the current year due to a reduction in the pool of assets eligible for lending as more eligible assets have been converted to commingle funds.



THE CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Total liabilities as of September 30, 2022, were \$44.4 million and were mostly comprised of obligations under securities lending and payables for securities purchased. Total liabilities decreased \$39.8 million or 47.3% from the prior year primarily due to a decrease in obligations under securities lending as of fiscal year end attributed to a reduction in the pool of assets eligible for lending. Payables for securities purchased decreased due to fewer accruals associated with pending securities purchase transactions as of fiscal year end in comparison to prior year.
- Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2022, by \$1.5 billion. Total fiduciary net position restricted for pensions decreased \$306.1 million or 17.2% from the previous year. This decrease was due to the overall decrease in investments based on poor market performance.

Table 1 - Summary of Fiduciary Net Position
As of September 30, 2022 and 2021
(Dollar Amounts in Thousands)

| | 2022 | 2021 | Increase (Decrease) Amount | Total Percentage Change |
|--------------------------------------------|---------------------|---------------------|----------------------------------|-------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 13,383 | \$ 32,489 | \$ (19,106) | -58.8% |
| Receivables | 3,738 | 19,501 | (15,763) | -80.8% |
| Investments | 1,463,034 | 1,754,638 | (291,604) | -16.6% |
| Security lending collateral - invested | 39,335 | 59,263 | (19,928) | -33.6% |
| Property and equipment, net | 2,033 | 2,055 | (22) | -1.1% |
| Total Assets | 1,521,523 | 1,867,946 | (346,423) | -18.5% |
| Liabilities | | | | |
| Payables for securities purchased | 4,721 | 24,661 | (19,941) | -80.9% |
| Accounts payable and other liabilities | 325 | 254 | 71 | 28.0% |
| Obligations under securities lending | 39,335 | 59,263 | (19,928) | -33.6% |
| Total Liabilities | 44,381 | 84,178 | (39,798) | -47.3% |
| Net Position Restricted for Pension | | | | |
| Benefits | \$ 1,477,143 | \$ 1,783,768 | \$ (306,626) | -17.2% |



THE CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

ADDITIONS TO FIDUCIARY NET POSITION

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income (loss) for fiscal years 2022 and 2021 totaled (\$130.1) million and \$388.1 million, respectively. For the fiscal year ended September 30, 2022, total additions to plan fiduciary net position decreased by \$518.2 million due primarily to a significant net investment loss in 2022.

Actual results were:

- City contributions increased from the previous year by approximately \$3.4 million or 4.9% based on the actuarial valuation.
- Member contributions increased from the previous year by approximately \$1.5 million or 9.4%. This increase is primarily due to an increase in new hires and contractual salary increases.
- Net investment income decreased from the previous year by \$523.1 million as the Trust's investment portfolio performed poorly compared to prior year.

Additions to Fiduciary Net Position Years Ended September 30, 2022 and 2021 (Dollar Amounts in Thousands)

| | 2022 | 2021 | Increase (Decrease) Amount | Total Percentage Change |
|------------------------------|---------------------|-------------------|----------------------------------|-------------------------------|
| City contribution | \$ 73,387 | \$ 69,982 | \$ 3,405 | 4.9% |
| Member contributions | 17,386 | 15,892 | 1,494 | 9.4% |
| Net investment income (loss) | (221,080) | 302,015 | (523,095) | -173.2% |
| Other income | 237 | 197 | 40 | 20.3% |
| Total Additions | \$ (130,070) | \$ 388,086 | \$(518,196) | -133.5% |

DEDUCTIONS FROM FIDUCIARY NET POSITION

The primary expenses of the Trust include the payment of pension benefits to retired members and beneficiaries, cost of living allowance (COLA) payments to retired members and beneficiaries, refund of contributions to former members, administrative expenses and depreciation. Total deductions for fiscal years ended 2022 and 2021 were \$176.6 million and \$170.4 million, an increase of 3.6%.



THE CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended September 30, 2022, the payment of pension benefits to retirees and COLA payments increased by \$5.4 million or 12.3% from the previous year. The increase is due to COLA payments to retirees along with an increase in the number of retirees during 2022.

For the fiscal year ended September 30, 2022, the refund of contributions increased by \$794 thousand or 158.5% from the previous year. This increase is mostly due to a large number of active members terminating employment during the fiscal year.

For the fiscal year ended September 30, 2022, administrative expenses and depreciation decreased by approximately \$43 thousand or 2% from the previous year due mostly to a small decrease in administrative expenses.

Deductions from Fiduciary Net Position Years Ended September 30, 2022 and 2021 (Dollar Amounts in Thousands)

| | | 2022 | 2021 | Increase (Decrease) Amount | Total Percentage Change |
|------------------------------------------|-----------|----------------|-------------------|----------------------------------|-------------------------------|
| Pension benefits paid | \$ | 143,870 | \$ 141,282 | \$ 2,588 | 1.8% |
| Refund of contributions | | 1,295 | 501 | 794 | 158.5% |
| Cost of living allowance | | 29,232 | 26,463 | 2,769 | 10.5% |
| Administrative expenses and depreciation | | 2,159 | 2,202 | (43) | -2.0% |
| Total Deductions | \$ | 176,556 | \$ 170,448 | \$ 6,108 | 3.6% |

CAPITAL ASSETS

As of September 30, 2022, the Trust's investment in capital assets totaled \$2 million (net of accumulated depreciation). This investment in capital assets includes land, building and equipment for administrative use. The appraised value of the Administration building is \$4.3 million at September 30, 2022. An appraisal is performed on an annual basis for insurance and valuation purposes.

RETIREMENT SYSTEM AS A WHOLE

Management believes, and actuarial studies concur, that the Trust's fiduciary net position is in line to meet all its current obligations.



THE CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE TRUST'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives and the money it dispenses. If you have any questions about this report or need additional financial information, they can be directed to Dania L. Orta, Administrator, City of Miami Firefighters' and Police Officers' Retirement Trust Fund, located at 1895 SW 3 Avenue, Miami FL, 33129.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2022

(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2021)

| | 2022 | | | | 2021 | | | |
|-----------------------------------------------------|--------------------------------|-------------------------------------|--------------------------------------|-------------------------|--------------------------------|-------------------------------------|--------------------------------------|-------------------------|
| | Membership and Benefit Account | Cost-of Living Adjustment I Account | Cost-of Living Adjustment II Account | Total | Membership and Benefit Account | Cost-of Living Adjustment I Account | Cost-of Living Adjustment II Account | Total |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 9,649,992 | \$ 734,799 | \$ 2,998,463 | \$ 13,383,254 | \$ 23,501,196 | \$ 1,689,497 | \$ 7,298,381 | \$ 32,489,074 |
| Investments, at Fair Value | | | | | | | | |
| Debt securities, domestic | 221,717,557 | 16,882,286 | 68,890,780 | 307,490,623 | 266,997,640 | 19,194,413 | 82,917,069 | 369,109,122 |
| Debt securities, international | 9,022,408 | 686,867 | 2,802,870 | 12,512,145 | 12,237,992 | 879,787 | 3,800,551 | 16,918,330 |
| Equity securities, domestic | 356,096,922 | 27,115,028 | 110,647,072 | 493,859,022 | 449,682,309 | 32,327,581 | 139,650,444 | 621,660,334 |
| Equity securities, international | 209,807,328 | 15,975,796 | 65,191,708 | 290,974,832 | 281,528,294 | 20,239,019 | 87,429,618 | 389,196,931 |
| Private equity | 141,202,575 | 10,751,881 | 43,874,717 | 195,829,173 | 156,760,511 | 11,269,485 | 48,682,536 | 216,712,532 |
| Real estate | 117,075,414 | 8,914,717 | 36,377,882 | 162,368,013 | 102,023,022 | 7,334,417 | 31,683,613 | 141,041,052 |
| Total Investments | 1,054,922,204 | 80,326,575 | 327,785,029 | 1,463,033,808 | 1,269,229,768 | 91,244,702 | 394,163,831 | 1,754,638,301 |
| Securities Lending Cash Collateral Invested | 28,362,406 | 2,159,658 | 8,812,818 | 39,334,882 | 42,868,521 | 3,081,811 | 13,312,972 | 59,263,304 |
| Receivables | | | | | | | | |
| Proceeds from securities sold | 2,236,906 | -- | -- | 2,236,906 | 15,688,896 | -- | -- | 15,688,896 |
| Accrued interest | 1,501,461 | -- | -- | 1,501,461 | 3,812,087 | -- | -- | 3,812,087 |
| Total Receivables | 3,738,367 | -- | -- | 3,738,367 | 19,500,983 | -- | -- | 19,500,983 |
| Property and Equipment, Net | 1,465,462 | 111,588 | 455,351 | 2,032,401 | 1,486,314 | 106,851 | 461,580 | 2,054,745 |
| Total Assets | 1,098,138,431 | 83,332,620 | 340,051,661 | 1,521,522,712 | 1,356,586,782 | 96,122,861 | 415,236,764 | 1,867,946,407 |
| Liabilities | | | | | | | | |
| Payable for securities purchased | 4,720,511 | -- | -- | 4,720,511 | 24,660,790 | -- | -- | 24,660,790 |
| Accounts payable and other liabilities | 325,846 | -- | -- | 325,846 | 253,732 | -- | -- | 253,732 |
| Obligations under securities lending | 28,362,406 | 2,159,658 | 8,812,818 | 39,334,882 | 42,868,522 | 3,081,810 | 13,312,972 | 59,263,304 |
| Total Liabilities | 33,408,763 | 2,159,658 | 8,812,818 | 44,381,239 | 67,783,044 | 3,081,810 | 13,312,972 | 84,177,826 |
| Net Position Restricted for Pension Benefits | \$ 1,064,729,668 | \$ 81,172,962 | \$ 331,238,843 | \$ 1,477,141,473 | \$ 1,288,803,738 | \$ 93,041,051 | \$ 401,923,792 | \$ 1,783,768,581 |

The accompanying notes are an integral part of these financial statements.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

**FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)**

| | 2022 | | | | 2021 | | | |
|---------------------------------------------------------------|--------------------------------|-------------------------------------|--------------------------------------|-------------------------|--------------------------------|-------------------------------------|--------------------------------------|-------------------------|
| | Membership and Benefit Account | Cost-of Living Adjustment I Account | Cost-of Living Adjustment II Account | Total | Membership and Benefit Account | Cost-of Living Adjustment I Account | Cost-of Living Adjustment II Account | Total |
| Additions | | | | | | | | |
| Contributions: | | | | | | | | |
| City | \$ 65,889,915 | \$ -- | \$ 7,496,759 | \$ 73,386,674 | \$ 62,773,727 | \$ -- | \$ 7,208,422 | \$ 69,982,149 |
| Members | 17,385,719 | -- | -- | 17,385,719 | 15,892,461 | -- | -- | 15,892,461 |
| Total Contributions | <u>83,275,634</u> | <u>--</u> | <u>7,496,759</u> | <u>90,772,393</u> | <u>78,666,188</u> | <u>--</u> | <u>7,208,422</u> | <u>85,874,610</u> |
| Investment Income (Loss) | | | | | | | | |
| Net appreciation (depreciation) in fair value of investments | (168,672,376) | (12,413,079) | (51,648,804) | (232,734,259) | 213,543,702 | 14,435,061 | 64,520,608 | 292,499,371 |
| Interest | 7,907,296 | 567,864 | 2,417,515 | 10,892,675 | 5,710,172 | 391,696 | 1,748,092 | 7,849,960 |
| Dividends | 3,618,170 | 256,446 | 1,099,787 | 4,974,403 | 4,314,922 | 299,490 | 1,326,367 | 5,940,779 |
| | (157,146,910) | (11,588,769) | (48,131,502) | (216,867,181) | 223,568,796 | 15,126,247 | 67,595,067 | 306,290,110 |
| Less: investment expenses | (3,154,004) | (227,364) | (965,616) | (4,346,984) | (3,192,907) | (219,631) | (977,718) | (4,390,256) |
| Net Investment Income (Loss) from Investing Activities | <u>(160,300,914)</u> | <u>(11,816,133)</u> | <u>(49,097,118)</u> | <u>(221,214,165)</u> | <u>220,375,889</u> | <u>14,906,616</u> | <u>66,617,349</u> | <u>301,899,854</u> |
| Securities Lending Activities | | | | | | | | |
| Securities lending income | 128,213 | 9,266 | 39,230 | 176,709 | 111,792 | 7,703 | 34,276 | 153,771 |
| Securities lending fees | (30,587) | (2,314) | (9,798) | (42,699) | (27,925) | (1,924) | (8,562) | (38,411) |
| Net Income from Securities Lending Activities | <u>97,626</u> | <u>6,952</u> | <u>29,432</u> | <u>134,010</u> | <u>83,867</u> | <u>5,779</u> | <u>25,714</u> | <u>115,360</u> |
| Total Net Investment Income | <u>(160,203,288)</u> | <u>(11,809,181)</u> | <u>(49,067,686)</u> | <u>(221,080,155)</u> | <u>220,459,756</u> | <u>14,912,395</u> | <u>66,643,063</u> | <u>302,015,214</u> |
| Other | <u>171,941</u> | <u>12,523</u> | <u>52,813</u> | <u>237,277</u> | <u>142,831</u> | <u>9,860</u> | <u>43,806</u> | <u>196,497</u> |
| Total Additions | <u>(76,755,713)</u> | <u>(11,796,658)</u> | <u>(41,518,114)</u> | <u>(130,070,485)</u> | <u>299,268,775</u> | <u>14,922,255</u> | <u>73,895,291</u> | <u>388,086,321</u> |
| Deductions | | | | | | | | |
| Pension benefits paid | 143,869,594 | -- | -- | 143,869,594 | 141,281,881 | -- | -- | 141,281,881 |
| Refund of contributions | 1,295,435 | -- | -- | 1,295,435 | 501,152 | -- | -- | 501,152 |
| COLA distributions to retirees | -- | 70,214 | 29,161,834 | 29,232,048 | -- | 77,965 | 26,385,292 | 26,463,257 |
| Depreciation expense | 16,126 | 1,217 | 5,001 | 22,344 | 14,753 | 1,056 | 4,585 | 20,394 |
| Administrative expenses | 2,137,202 | -- | -- | 2,137,202 | 2,181,630 | -- | -- | 2,181,630 |
| Total Deductions | <u>147,318,357</u> | <u>71,431</u> | <u>29,166,835</u> | <u>176,556,623</u> | <u>143,979,416</u> | <u>79,021</u> | <u>26,389,877</u> | <u>170,448,314</u> |
| Change in Net Position | <u>(224,074,070)</u> | <u>(11,868,089)</u> | <u>(70,684,949)</u> | <u>(306,627,108)</u> | <u>155,289,359</u> | <u>14,843,234</u> | <u>47,505,414</u> | <u>217,638,007</u> |
| Net Position Restricted for Pension Benefits | | | | | | | | |
| Beginning of year | 1,288,803,738 | 93,041,051 | 401,923,792 | 1,783,768,581 | 1,133,514,379 | 78,197,817 | 354,418,378 | 1,566,130,574 |
| End of year | <u>\$ 1,064,729,668</u> | <u>\$ 81,172,962</u> | <u>\$ 331,238,843</u> | <u>\$ 1,477,141,473</u> | <u>\$ 1,288,803,738</u> | <u>\$ 93,041,051</u> | <u>\$ 401,923,792</u> | <u>\$ 1,783,768,581</u> |

The accompanying notes are an integral part of these financial statements.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – DESCRIPTION OF THE PLAN

ORGANIZATION

The City of Miami Firefighters' and Police Officers' Retirement Trust (the "Trust") is a single-employer defined benefit pension plan established by the City of Miami, Florida (the "City") pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's annual comprehensive financial report as part of the City's financial reporting entity.

The Trust's governing board is made up of a Board of Trustees consisting of nine members:

- Four are appointed by the City Commission
- Two are elected by firefighters who belong to the International Association of Firefighters ("IAFF") bargaining unit
- Two are elected by police officers who belong to the Fraternal Order of Police ("FOP") bargaining unit
- One is appointed by the City manager

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

MEMBERSHIP

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1, 2021, the date of the latest available actuarial valuation census data:

| | |
|----------------------------------------------------------------------|---------------------|
| Inactive plan members and beneficiaries currently receiving benefits | 2,223 |
| Inactive plan members entitled but not yet receiving benefits | 148 |
| Active plan members - vested | 826 |
| Active plan members - non-vested | <u>1,089</u> |
| Total Members | <u>4,286</u> |



**CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

MEMBER CONTRIBUTION

As of September 30, 2014, the member contribution for police officers hired prior to October 1, 2012 shall be 7% of earnable compensation. The member contribution for police officers hired on or after October 1, 2012 shall be 10% of earnable compensation.

As of September 30, 2014, the member contribution for firefighters shall be 10% of earnable compensation.

During the year ended September 30, 2022, approximately \$288,207 is included as member contributions for the purchase of additional service years by members as provided the City code which governs the Trust.

FUNDING REQUIREMENTS

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the retired participants. Contributions to the Trust are authorized pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA account is authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net unrealized and realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

PENSION BENEFITS

Members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age.

A member entitled to a normal retirement shall receive a retirement allowance equal to 3% of the member's average final compensation multiplied by years of creditable service for the first 15 years of such creditable service, and 3½% of the member's average final compensation multiplied by years of creditable service exceeding 15 years. This benefit is paid in monthly installments.

For members who retire under normal service retirement or Rule of 64 for Police Officers and Rule 68 for Firefighters the retirement allowance shall not exceed the lesser of 100% of the member's average final compensation. For members who were not vested as of September 30, 2010, the annual retirement allowance shall not exceed \$120,000.

Early retirement, disability, death and other benefits are also provided.

INVESTMENT POLICY

The Trust's investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust, exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

INVESTMENT POLICY (CONTINUED)

The investments are considered held by the Membership and Benefit Accounts and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

COLA ACCOUNTS

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by either a percentage of the excess investment returns from other than COLA I account assets or minimum Trust sponsor contribution. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of \$2,500,000, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year. During the year ended September 30, 2022, approximately \$7,497,000 was funded by the City. During the year ended September 30, 2021, approximately \$7,208,000 was funded by the City. Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

Effective October 1, 2021, all members may participate in the Deferred Retirement Option Program (DROP).



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

DEFERRED RETIREMENT OPTION PROGRAM (DROP) (CONTINUED)

Members who are eligible for service retirement or Rule of 64 for Police Officers or Rule of 68 for Firefighters may elect to participation in either a Forward DROP or a Back DROP. Maximum participation in the Forward DROP for firefighters shall be 54 full months and for police officers shall be 84 full months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the Forward DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes.

Effective January 1, 2013, a Back DROP benefit option was implemented. An eligible employee who elects the Back DROP option shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if the employee had severed employment and retired on an earlier date after attaining normal retirement eligibility. Employees are eligible to elect the Backdrop option after completing one year of creditable service following the normal retirement date. An employee can elect a Back DROP period of 1 to 7 full years.

The DROP assets are held by an independent third party and therefore are not a part of the Trust's Financial Statements. The DROP balance was \$155,166,965 as of September 30, 2022.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Trust's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America ("U.S. GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). Member contributions are recognized as revenues in the period in which contributions are due. City contributions are due when there is a formal commitment to provide amounts determined by an actuarial valuation. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CASH EQUIVALENTS

The Trust considers all highly liquid investments with short-term maturities, typically less than three months, to be cash equivalents.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments are recorded at fair value in the statement of fiduciary net position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Refer to Note 3 to the financial statements for more detail regarding the methods used to measure the fair value of investments.

Unrealized and realized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in fiduciary net position. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT, NET

Property and equipment (capital assets) are stated at cost and depreciated using the straight-line method over the estimated lives of the assets.

INCOME TAX STATUS

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RISK AND UNCERTAINTIES

Contributions to the Trust and the actuarial information included in the required supplementary information (“RSI”) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

COMPARATIVE INFORMATION

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Trust’s financial statements for the year ended September 30, 2021, from which the information was derived.

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES

CASH AND CASH EQUIVALENTS

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include demand accounts and short-term investment funds (“STIF”). The cash is invested through daily sweeps of excess cash by the Trust’s custodial bank into the custodial short-term (money market) commingled fund or invested in certificates of deposit, commercial paper, U.S. Treasury bills and repurchase agreements.

Cash and cash equivalents at September 30, 2022 consist of the following:

| | |
|------------------------------------|-----------------------------|
| Sweep deposits | \$ (884,028) |
| Invested cash and foreign currency | 1,038,847 |
| Short-term investments | <u>13,228,435</u> |
| Total | <u><u>\$ 13,383,254</u></u> |



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT AUTHORIZATION

The Board of Trustees holds the fiduciary responsibility for the Trust, and has adopted a policy to invest in several institutionally acceptable asset classes. Thus, the Trustees have set a reasonably diversified asset allocation in accordance with state statutes (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

These asset classes are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in real estate investment trust securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 40% (at market value) of the Trust's total asset value, in accordance with the Trust's investment policy. Investments in stocks of foreign companies shall be limited to 30% of the value of the Trust's portfolio.

Investments in core domestic fixed income securities shall be limited to 47% (at maturity) of the Trusts' total portfolio. Investment in bank loans has also been authorized by the Trust. The goal of the bank loan allocation is to generate reasonable returns, while providing diversification relative to core and high yield fixed income managers. Proper portfolio diversification of bank loan portfolios is required, such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic core and high yield fixed income managers. Additionally, investment in absolute return has been authorized by the Trust. The goal of the absolute return allocation is to protect against volatility. Proper diversification of absolute return portfolios is required, such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic fixed income and equity managers. Derivative investments with allocation limits, may not represent more than 5% of the individual portfolio manager's assets managed for the Trust. Derivative investments with allocation limits in the aggregate may not expose the individual manager's portfolio to losses in excess of 5% of the manager's total assets.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT AUTHORIZATION (CONTINUED)

The Trust invests in various funds and investment vehicles which employ specific strategies and co-investments often outside the traditional asset classes. The most common investment categories for these funds include domestic and international real estate and private equity funds. The structure of these investments is generally a limited partnership or limited liability company and tend to be long-term and illiquid in nature. Global real estate investments and private equity allocation range is limited to 12% and 8%, respectively.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

TYPES OF INVESTMENTS

Florida Statutes and the Trust's investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30, 2022:

| Authorized Investments | Target % of Portfolio | Actual % of Portfolio |
|-------------------------------------|--------------------------|--------------------------|
| Cash and cash equivalents | 0.00% | 0.91% |
| Domestic equities | 32.00% | 33.45% |
| Core domestic fixed income | 31.00% | 21.67% |
| International equities | 22.00% | 19.71% |
| Global real estate | 9.00% | 11.00% |
| Private equity | <u>6.00%</u> | <u>13.26%</u> |
| Total Authorized Investments | <u>100.00%</u> | <u>100.00%</u> |

RATE OF RETURN

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -12.26%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENTS

The table below shows the Trust's investments by type as of September 30, 2022:

| | |
|---------------------------------------------|-------------------------|
| Debt Securities, Domestic | |
| U.S. treasuries | \$ 4,956,831 |
| U.S. agencies | 32,893 |
| Corporate bonds | 14,781,887 |
| Asset backed securities | 3,526,628 |
| Mortgage backed securities | 24,915,364 |
| High yield bond | <u>259,277,020</u> |
| Total Debt Securities, Domestic | <u>307,490,623</u> |
| Debt Securities, International | |
| International government bonds | 1,471,611 |
| Corporate bonds | <u>11,040,534</u> |
| Total Debt Securities, International | <u>12,512,145</u> |
| Total Debt Securities | 320,002,768 |
| Equity securities, domestic | 493,859,022 |
| Equity securities, international | 290,974,832 |
| Private equity | 195,829,173 |
| Real estate | <u>162,368,013</u> |
| Total Investments | <u>\$ 1,463,033,808</u> |

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INTEREST RATE RISK (CONTINUED)

Information about the sensitivity of the fair values of the Trust's fixed income (debt securities) investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30, 2022:

| Investment Type | Fair Value | Investment Maturities (In Years) | | | |
|---------------------------------------|----------------------|----------------------------------|----------------------|-----------------------|----------------------|
| | | Less Than 1 | 1-5 Years | 6-10 Years | More Than 10 Years |
| U.S. treasuries | \$ 4,956,831 | \$ -- | \$ 1,288,282 | \$ 794,251 | \$ 2,874,298 |
| U.S. agencies | 32,893 | 5,235 | 27,658 | -- | -- |
| Corporate bonds | 14,781,887 | 642,356 | 5,298,285 | 2,846,738 | 5,994,508 |
| Asset backed securities | 3,526,628 | -- | 13,950 | -- | 3,512,678 |
| Mortgage backed securities | 24,915,364 | 5,129 | 44,065 | 361,964 | 24,504,206 |
| High yield bond | 259,277,020 | -- | -- | 259,277,020 | -- |
| International fixed income | 12,512,145 | 624,359 | 4,315,024 | 3,037,983 | 4,534,779 |
| Total Debt Securities | <u>\$320,002,768</u> | <u>\$ 1,277,079</u> | <u>\$ 10,987,264</u> | <u>\$ 266,317,956</u> | <u>\$ 41,420,469</u> |
| % of Debt Securities Portfolio | <u>100.00%</u> | <u>0.40%</u> | <u>3.43%</u> | <u>83.22%</u> | <u>12.94%</u> |

CREDIT RISK

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.



**CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

CREDIT RISK (CONTINUED)

The following tables disclose credit ratings by investment type, at September 30, 2022, as applicable:

| Investment | Fair Value | Percentage of Portfolio |
|------------------------------------------|-----------------------|-------------------------|
| U.S. Government Guaranteed* | \$ 4,989,724 | 1.56% |
| Credit Risk Debt Securities | | |
| AAA | 255,858,812 | 79.96% |
| AA+ | 3,307,562 | 1.03% |
| AA- | 194,611 | 0.06% |
| A+ | 258,355 | 0.08% |
| A | 484,170 | 0.15% |
| A- | 1,393,180 | 0.44% |
| BBB+ | 6,306,863 | 1.97% |
| BBB | 8,503,224 | 2.66% |
| BBB- | 4,034,627 | 1.26% |
| BB+ | 3,480,350 | 1.09% |
| BB | 470,250 | 0.15% |
| BB- | 2,137,328 | 0.67% |
| B | 28,582,688 | 8.93% |
| Not rated | <u>1,024</u> | <u>0.00%</u> |
| Total Credit Risk Debt Securities | <u>315,013,044</u> | <u>98.44%</u> |
| Total Debt Securities | <u>\$ 320,002,768</u> | <u>100.00%</u> |

*Obligations are backed by the full faith and credit of the U.S. Government.

CONCENTRATION OF CREDIT RISK

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were 6 individual investments that represent 5% or more of the fair value of the Trust's net position at September 30, 2022.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

CUSTODIAL CREDIT RISK

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Trust's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Trust's name. The Trust is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust, and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured or collateralized by a financial institution separate from the Trust's depository financial institution.

The Trust participates in securities lending transactions, as lender, and the securities loaned in those circumstances are exposed to some degree of custodial credit risk. The Trust does require that its custodian maintain insurance to help protect against losses due to negligence, theft, and certain other events.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The Trust may have exposure to foreign currency risk to the extent its investments contain non-U.S. dollar denominated holdings in foreign countries. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the manager uses them in many cases.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

FOREIGN CURRENCY RISK (CONTINUED)

The Trust has exposure to foreign currency fluctuation as of September 30, 2022, as follows:

| Currency | Equity Securities | Debt Securities | Private Equity | Total |
|----------|----------------------|--------------------|-------------------|--------------|
| Euro | \$ -- | \$ -- | \$ 4,101,670 | \$ 4,101,670 |

SECURITIES LENDING TRANSACTIONS

A retirement system is authorized by state statutes and board of trustees' policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately 86 days, as of September 30, 2022. The custodial bank and its affiliates are prohibited from borrowing the Trust's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed income and equity securities for securities or cash collateral at least 102 percent of the market value of the securities plus any accrued interest and international securities at least 105 percent of the market value of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moody's or Standard & Poor's. At September 30, 2022, the pool had a weighted average term to maturity of 26 days.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limit the amount of securities that can be lent at one time or to one borrower.

Loaned securities continue to be classified as investment assets on the statement of fiduciary net position. Off balance sheet cash collateral is recorded as an asset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, since the Trust is not permitted to sell or re-pledge the associated collateral.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

SECURITIES LENDING TRANSACTIONS (CONTINUED)

The following represents the balances relating to securities lending transactions at September 30, 2022:

| Currency | Market Value of Securities on Loan for Cash | Fair Value Cash Collateral Invested | Fair Value of Liabilities to Borrowers |
|-------------------------------------------|---------------------------------------------------|-------------------------------------------|----------------------------------------------|
| Securities Lent | | | |
| U.S. government and agency obligations | \$ 7,077,610 | \$ 7,291,747 | \$ 7,291,747 |
| Domestic corporate stocks | 28,095,904 | 29,029,887 | 29,029,887 |
| Domestic corporate bonds | <u>2,936,419</u> | <u>3,013,248</u> | <u>3,013,248</u> |
| Total Securities Lent | <u>\$ 38,109,933</u> | <u>\$ 39,334,882</u> | <u>\$ 39,334,882</u> |

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust.

There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

INVESTMENT VALUATION

The Trust categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Investments traded in an active market with available quoted prices for identical assets as of the reporting date.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

Level 2 -Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.

Level 3 -Investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

The Trust has established a framework to consistently measure the fair value of the Trust's assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that will provide reasonable assurance that assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Trust's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages and foreign debt securities. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

Equity securities: These include domestic and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2022. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

Alternative investments: These investments pertain to private equity where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2022. The estimated fair value of these investments may differ from values that would have been used had a ready market existed. The Trust also has investments which are measured at net asset value ("NAV") based on their proportionate share of the value of the investments as determined by the fund manager and are valued according to methodologies which include pricing models, property valuations (appraisals), discounted cash flow models, and similar techniques. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the investments' reported NAV as a matter of convenience.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

The following table summarizes the valuation of the Trust's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2022:

| | September 30, 2022 | Fair Value Measurements Using | | |
|------------------------------------------------------|-------------------------|-------------------------------|----------------------|----------------------|
| | | (Level 1 Inputs) | (Level 2 Inputs) | (Level 3 Inputs) |
| Investment by Fair Value Level: | | | | |
| Debt Securities | | | | |
| U.S. treasuries | \$ 4,956,831 | \$ -- | \$ 4,956,831 | \$ -- |
| U.S. agencies | 32,893 | -- | 32,893 | -- |
| Corporate bonds | 14,781,887 | -- | 14,781,887 | -- |
| Asset backed securities | 3,526,628 | -- | 3,526,628 | -- |
| Mortgage backed securities | 24,915,364 | -- | 24,915,364 | -- |
| International fixed income | 12,512,145 | -- | 12,512,145 | -- |
| Total Debt Securities | <u>60,725,748</u> | <u>--</u> | <u>60,725,748</u> | <u>--</u> |
| Equity Securities | | | | |
| Domestic equities | 136,411,444 | 136,411,444 | -- | -- |
| International equities | 2,740,821 | 2,740,821 | -- | -- |
| Total Equity Securities | <u>139,152,265</u> | <u>139,152,265</u> | <u>--</u> | <u>--</u> |
| Alternative Investments | | | | |
| Private equity | 52,732,813 | -- | -- | 52,732,813 |
| Total Investments by Fair Value | | | | |
| Level | <u>252,610,826</u> | <u>\$ 139,152,265</u> | <u>\$ 60,725,748</u> | <u>\$ 52,732,813</u> |
| Investments Measured at Net Asset Value (NAV) | | | | |
| Commingled domestic fixed income funds | 259,277,020 | | | |
| Commingled international equity funds | 288,234,010 | | | |
| Commingled domestic equity funds | 357,447,579 | | | |
| Real estate investment funds | 162,368,013 | | | |
| Venture capital private equity funds | 143,096,360 | | | |
| Total Investments Measured at NAV | <u>1,210,422,982</u> | | | |
| Total Investments | <u>\$ 1,463,033,808</u> | | | |



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

The following tables summarize investments as of September 30, 2022 for which fair value is measuring using the net asset value per share, including their related unfunded commitments and redemption restrictions.

| Investments Measured at NAV | Fair Value | Investments Measured at NAV | | |
|--------------------------------------------|--------------------------------|-----------------------------|----------------------------------------------|--------------------------|
| | | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
| Commingled domestic fixed income funds (1) | \$ 259,277,020 | \$ -- | Daily | Same Day |
| Commingled international equity funds (2) | 288,234,010 | -- | Daily | Same Day |
| Commingled domestic equity funds (3) | 357,447,579 | -- | Daily | Same Day |
| Real estate investment funds (4) | 162,368,013 | 5,274,839 | Quarterly | 45 days |
| Venture capital private equity funds (5) | <u>143,096,360</u> | <u>34,799,335</u> | N/A | N/A |
| Total Investments Measured at NAV | <u>\$ 1,210,422,982</u> | <u>\$ 40,074,174</u> | | |

1. Commingled domestic fixed income funds with established investment objectives to seek high income and capital growth by investing in U.S. high yield debt securities over a long-term period. These funds aim at hedging the foreign exchange risk resulting from the divergence between the reference currency of subfunds and the currency of share classes by using derivatives instruments.
2. Commingled international equity funds with globally diversified private equity programs that invest and seeks to measure the stocks representing the lowest 15% of float-adjusted market cap and high quality growth companies that trade at discount to the market, in key developed countries, excluding the U.S.
3. Commingled domestic equity funds which aim to pursue varying strategies in order to diversify risks and reduce volatility. These funds have a diversified portfolio of relative value and event driven hedge funds with a focus on U.S. holdings.



**CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

4. Real estate investment funds are established for the purpose to acquire, own, hold for investment and ultimately dispose of investments in real estate. These funds strive to keep a diversified portfolio of income producing institutional properties throughout the US.

5. Venture capital private equity funds whose investment objective is investing primarily in private equity investments, including primary and secondary investments in private equity, infrastructure, and other private asset funds and co-investments in portfolio companies, although the allocation among those types of investments may vary from time to time.

NOTE 4 – OFF-BALANCE-SHEET COMMITMENTS

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls, and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments. The majority of these future financial commitments are reported as part of the unfunded commitments for investments measured at NAV which are disclosed in Note 3 of the financial statements.

In addition to the unfunded commitments disclosed in Note 3, the Trust has future investment commitments outstanding for foreign private equity investments at September 30, 2022 of approximately €1,089,000 (euros), respectively.

NOTE 5 – NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City at September 30, 2022 were as follows:

| | |
|----------------------------------------------------------------------|-------------------------|
| Total Pension Liability | \$ 2,577,971,693 |
| Less: Plan fiduciary net position | <u>(1,477,141,473)</u> |
| Net Pension Liability | <u>\$ 1,100,830,220</u> |
| Plan Fiduciary Net Position as a % of the Total Pension Liability | 57.30% |



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – NET PENSION LIABILITY OF THE CITY (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability at September 30, 2022 was determined using an actuarial valuation as of October 1, 2021. The actuarial valuation used the following actuarial assumptions:

| | |
|----------------------------|-----------------------------------------------------------------------------------------|
| Inflation | 2.60% |
| Projected salary increases | 1.5% for promotions plus salary merit scale |
| Projected COLAs | Amount varies annually with the adjustment on January 1st |
| Investment rate of return | 7.00% compounded annually, net of pension plan investment expense, including inflation. |

Mortality rates are calculated with the Florida Retirement System projected using scale BB for all healthy retirees. Disabled Mortality rates are not projected.

LONG-TERM EXPECT RATE OF RETURN

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Trust's target asset allocation as of September 30, 2022 (see the discussion of the Trust's investment policy) are summarized in the following table:

| Asset Class | *Long-term Expected Real Rates of Return |
|------------------------|---------------------------------------------|
| Domestic Fixed Income | 0.75% |
| Foreign Fixed Income | 0.00% |
| Domestic Equities | 4.60% |
| International Equities | 5.30% |
| Real Estate | 5.20% |
| Private Equity | 6.63% |
| Cash | 0.00% |



**CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – NET PENSION LIABILITY OF THE CITY (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%, for 2022. The projection of cash flows used to determine the discount rate assumed that Trust member contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Trust's fiduciary net position was projected to be available to make all projected future benefit payments of current Trust members. Therefore, the long term expected rate of return on pension Trust investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability of the City using the discount rate of 7.00% for 2022, as well as what the employer net pension liability would if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|-------------------------------------|-------------------------|----------------------------------|------------------------|
| City's Net Pension Liability | <u>\$ 1,389,011,089</u> | <u>\$ 1,100,830,220</u> | <u>\$ 859,340,564</u> |

NOTE 6 – PROPERTY AND EQUIPMENT

As of September 30, 2022, the property and equipment consist of:

| | | Estimated Useful Lives |
|------------------------------------|---------------------|---------------------------|
| Land | \$ 760,865 | N/A |
| Building | 1,666,306 | 39 years |
| Less: accumulated depreciation | (394,770) | |
| Property and Equipment, Net | \$ 2,032,401 | |

The depreciation expense for year ended September 30, 2022 was \$22,344.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 7 – ADMINISTRATIVE EXPENSES REIMBURSEMENT

For the year ended September 30, 2022 administrative costs of the Trust in the amount of \$2,137,202 were funded by the City of Miami and are accounted for as a part of the actuarially determined minimum required contributions from the City and are reflected in contributions from the City in the accompanying statement of changes in fiduciary net position.

NOTE 8 – RETIREMENT PLAN FOR STAFF

The employees of the Trust participate in a separate plan sponsored by the City of Miami Firefighters' and Police Officers' Retirement Trust, which is a single-employer defined benefit pension plan. The employees' contribution is 7% of earnable compensation. Employee retirement contributions for the year ended September 30, 2022, totaled \$22,652.

The Trust, as employer, is to contribute such amounts as necessary to provide the Staff Plan with assets sufficient to meet the benefits to be paid to the participants. The employer contributions to the Plan for the year ended September 30, 2022 were \$64,922.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

| September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 (Restated) | 2016 | 2015 | 2014 |
|-------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|------------------------|
| Total Pension Liability | | | | | | | | | |
| Service cost | \$ 46,664,662 | \$ 33,080,765 | \$ 33,703,733 | \$ 30,947,329 | \$ 27,965,925 | \$ 26,279,333 | \$ 21,625,163 | \$ 19,203,823 | \$ 17,233,272 |
| Interest | 170,619,991 | 159,732,358 | 160,096,512 | 152,192,907 | 149,244,425 | 146,548,443 | 156,265,650 | 156,479,438 | 155,338,970 |
| Changes in benefit terms | 45,605,790 | 119,271,883 | 4,270,406 | 55,386,337 | -- | 122,641,436 (1) | -- | 9,453,429 | -- |
| Differences between expected and actual experience | 11,516,006 | 29,131,987 | 46,795,554 | 32,027,954 | 21,728,074 | 15,553,948 | 12,725,721 | (16,970,540) | (6,638,755) |
| Changes of assumptions | -- | 77,759,117 | (82,872,814) | (5,024,797) | 16,618,357 | -- | 30,651,781 | 14,895,466 | -- |
| Benefit payments, including refunds of member contributions | <u>(174,397,080)</u> | <u>(168,246,291)</u> | <u>(164,416,994)</u> | <u>(156,798,207)</u> | <u>(156,093,286)</u> | <u>(151,375,376)</u> | <u>(166,203,470)</u> | <u>(165,535,327)</u> | <u>(139,860,276)</u> |
| Net Change in Total Pension Liability | 100,009,369 | 250,729,819 | (2,423,603) | 108,731,523 | 59,463,495 | 159,647,784 | 55,064,845 | 17,526,289 | 26,073,211 |
| Total Pension Liability - Beginning | 2,477,962,324 | 2,227,232,505 | 2,229,656,108 | 2,120,924,585 | 2,184,102,526 | 2,222,547,481 | 2,167,482,636 | 2,149,956,347 | 2,123,883,136 |
| Changes in benefit terms (1) | -- | -- | -- | -- | (122,641,436) | -- | -- | -- | -- |
| Restatement (2) | -- | -- | -- | -- | -- | (198,092,739) | -- | -- | -- |
| Total Pension Liability - Ending | <u>\$2,577,971,693</u> | <u>\$2,477,962,324</u> | <u>\$2,227,232,505</u> | <u>\$2,229,656,108</u> | <u>\$2,120,924,585</u> | <u>\$ 2,184,102,526</u> | <u>\$2,222,547,481</u> | <u>\$2,167,482,636</u> | <u>\$2,149,956,347</u> |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | \$ 73,386,674 | \$ 69,982,149 | \$ 67,564,414 | \$ 62,694,851 | \$ 56,999,866 | \$ 53,264,009 | \$ 48,672,615 | \$ 48,616,677 | \$ 47,535,499 |
| Contributions - member | 17,385,719 | 15,892,460 | 15,820,796 | 16,309,563 | 14,258,763 | 13,206,378 | 12,082,805 | 9,317,231 | 9,462,569 |
| Net investment income | (220,865,219) | 302,191,323 | 88,163,893 | 73,863,324 | 102,296,007 | 136,351,212 | 132,946,827 | 35,844,550 | 132,696,604 |
| Benefit payments, including refunds of member contributions | (174,397,080) | (168,246,291) | (164,416,995) | (156,798,207) | (156,093,286) | (151,375,376) | (166,203,470) | (165,537,888) | (139,860,276) |
| Administrative expense | (2,137,202) | (2,181,634) | (2,210,096) | (2,128,469) | (2,086,709) | (2,058,797) | (2,029,168) | (2,222,561) | (2,086,240) |
| Other | -- | -- | -- | 585,124 | (42,726) | (42,726) | (42,726) | (42,726) | 989,372 |
| Net Change in Plan Fiduciary Net Position | (306,627,108) | 217,638,007 | 4,922,012 | (5,473,814) | 15,331,915 | 49,344,700 | 25,426,883 | (74,024,717) | 48,737,528 |
| Plan Fiduciary Net Position - Beginning | 1,783,768,581 | 1,566,130,574 | 1,561,208,562 | 1,566,682,376 | 1,551,350,461 | 1,700,098,500 | 1,674,671,617 | 1,748,696,334 | 1,699,958,806 |
| Restatement | -- | -- | -- | -- | -- | (198,092,739) | -- | -- | -- |
| Plan Fiduciary Net Position - Ending | <u>\$1,477,141,473</u> | <u>\$1,783,768,581</u> | <u>\$1,566,130,574</u> | <u>\$1,561,208,562</u> | <u>\$1,566,682,376</u> | <u>\$ 1,551,350,461</u> | <u>\$1,700,098,500</u> | <u>\$1,674,671,617</u> | <u>\$1,748,696,334</u> |
| Net Pension Liability - Ending | <u>\$1,100,830,220</u> | <u>\$ 694,193,743</u> | <u>\$ 661,101,931</u> | <u>\$ 668,447,546</u> | <u>\$ 554,242,209</u> | <u>\$ 632,752,065</u> | <u>\$ 522,448,981</u> | <u>\$ 492,811,019</u> | <u>\$ 401,260,013</u> |

(1) See "Total Pension Liability Adjustment" description in notes to required supplementary information.

(2) Restated for elimination of DROP assets and related activity. There was no effect on the City's net pension liability.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

(Continued)



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED) (CONTINUED)

| September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 (Restated) | 2016 | 2015 | 2014 |
|-----------------------------------------------------------------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total Pension Liability | \$ 2,577,971,693 | \$ 2,477,962,324 | \$ 2,227,232,505 | \$ 2,229,656,108 | \$ 2,120,924,585 | \$ 2,184,102,526 | \$ 2,222,547,481 | \$ 2,167,482,636 | \$ 2,149,956,347 |
| Plan Fiduciary Net Position | <u>(1,477,141,473)</u> | <u>(1,783,768,581)</u> | <u>(1,566,130,574)</u> | <u>(1,561,208,562)</u> | <u>(1,566,682,376)</u> | <u>(1,551,350,461)</u> | <u>(1,700,098,500)</u> | <u>(1,674,671,617)</u> | <u>(1,748,696,334)</u> |
| City's Net Pension Liability | <u>\$ 1,100,830,220</u> | <u>\$ 694,193,743</u> | <u>\$ 661,101,931</u> | <u>\$ 668,447,546</u> | <u>\$ 554,242,209</u> | <u>\$ 632,752,065</u> | <u>\$ 522,448,981</u> | <u>\$ 492,811,019</u> | <u>\$ 401,260,013</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 57.30% | 71.99% | 70.32% | 70.02% | 73.87% | 71.03% | 76.49% | 77.26% | 81.34% |
| Covered Payroll⁽³⁾ | \$ 178,532,455 | \$ 176,212,600 | \$ 168,059,448 | \$ 166,670,939 | \$ 141,497,840 | \$ 133,083,231 | \$ 106,278,376 | \$ 93,705,765 | \$ 85,222,842 |
| City's Net Pension Liability as a Percentage of Covered Payroll | 616.60% | 393.95% | 393.37% | 401.06% | 391.70% | 475.46% | 491.59% | 525.91% | 470.84% |
| Total Payroll Including DROP Participants | \$ 207,317,323 | \$ 194,876,743 | \$ 184,484,315 | \$ 176,975,203 | \$ 159,787,486 | \$ 153,785,532 | \$ 133,966,173 | \$ 127,786,644 | \$ 124,563,050 |

(1) Covered payroll is as of September 30, of the prior fiscal year.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS (UNAUDITED)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 73,386,674 | \$ 69,982,149 | \$ 67,564,414 | \$ 62,694,851 | \$ 56,999,866 |
| Contributions in relation to the actuarially determined contribution | <u>73,386,674</u> | <u>69,982,149</u> | <u>67,564,414</u> | <u>62,694,851</u> | <u>56,999,866</u> |
| Contribution Deficiency (Excess) | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| | | | | | |
| Covered payroll ⁽¹⁾ | \$ 189,755,997 | \$ 178,532,455 | \$ 176,712,600 | \$ 168,059,448 | \$ 166,670,939 |
| Contributions as a percentage of covered payroll | 38.67% | 39.20% | 38.23% | 37.31% | 34.20% |
| | | | | | |
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Actuarially determined contribution | \$ 53,264,009 | \$ 48,672,615 | \$ 48,616,677 | \$ 47,305,679 | \$ 45,412,248 |
| Contributions in relation to the actuarially determined contribution | <u>53,264,009</u> | <u>48,672,615</u> | <u>48,616,677</u> | <u>47,305,679</u> | <u>45,412,248</u> |
| Contribution Deficiency (Excess) | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| | | | | | |
| Covered payroll ⁽¹⁾ | \$ 141,497,840 | \$ 133,083,231 | \$ 106,278,378 | \$ 93,705,765 | \$ 85,222,842 |
| Contributions as a percentage of covered payroll | 37.64% | 36.57% | 45.74% | 50.48% | 53.29% |

(1) Covered payroll is as of September 30, the fiscal year end date.



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Total Pension Liability Adjustment. For the fiscal year 2017, the GASB Statement No. 67 and No. 68 report, the actuary included the impact of the full restoration of benefits under Supreme Court Ruling which increased both the total pension liability and pension expense by \$122.6 million. Since the restoration of benefits was under negotiation, the Board decided not to include the impact of the restoration of benefits in the October 1, 2017 funding valuation. As a result of this determination, in the September 30, 2018 GASB Statement No. 67 and No. 68 report, the actuary reduced the beginning pension liability by \$122.6 million. The pension liability reported by the actuary as of September 30, 2018 does not include any impact from this Supreme Court ruling. This matter was resolved.

Method and assumptions used in calculations of the City's actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City's contributions.

| | |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date | October 1, 2020 |
| Actuarial cost method | Aggregate Cost Method |
| Asset valuation method | 20% Phase-In Method: Fair market value of assets on the valuation date adjusted for a 5-year phase-in of gains and losses on the fair market value of assets. |
| Interest Rates | 7.00% net of investment expenses |
| Inflation | 3.25% |
| Projected salary increases | 1.5% for promotions plus salary merit scale |
| Mortality Rates: | |
| Healthy | Florida Retirement System special risk mortality projected generationally with scale MP-2018 |
| Disabled | 100% of the assumed deaths are expected to be ordinary deaths |



CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

| September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------------------------------------------|---------|--------|-------|-------|-------|-------|-------|-------|-------|
| Annual money-weighted rate of return, net of investment expense | -12.26% | 19.71% | 6.17% | 5.39% | 7.48% | 9.22% | 9.70% | 1.84% | 8.60% |

* Restated

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.



**CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

**SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT EXPENSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)**

| | 2022 | 2021 |
|----------------------------------|---------------------|---------------------|
| Equities | | |
| BGI/Black Rock | \$ 10,951 | \$ 1,665 |
| Boston Partners | 437,938 | 252,307 |
| Center Square Partners | -- | 9,492 |
| Champlain Investments | 654,211 | 635,201 |
| First Eagle | 959,103 | 972,342 |
| Total Equities | 2,062,203 | 1,871,007 |
| Debt Securities | | |
| AXA U.S. High Yield | 102,047 | 102,127 |
| Dodge & Cox | 177,683 | 185,510 |
| NTAM U.S. Aggregate Bond | 34,892 | 32,983 |
| NTAM U.S. Government Bond | 23,282 | 22,127 |
| NTAM S&P 500 Lending | 10,872 | 9,036 |
| NTAM MSCI EAFE Lending | 17,323 | 15,327 |
| Wellington International | -- | 622,887 |
| Wellington International Growth | 755,032 | 196,565 |
| Total Debt Securities | 1,121,131 | 1,186,562 |
| Real Estate | | |
| J.P. Morgan | 1,150,334 | 1,321,315 |
| Total Real Estate | 1,150,334 | 1,321,315 |
| Other | 13,316 | 11,372 |
| Total Investment Expenses | \$ 4,346,984 | \$ 4,390,256 |



**CITY OF MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

**SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)**

| | 2022 | 2021 |
|-------------------------------------|--------------|--------------|
| Personnel Services | | |
| Salaries and payroll taxes | \$ 536,852 | \$ 536,451 |
| Fringe benefits | 75,828 | 74,489 |
| Total Personnel Services | 612,680 | 610,940 |
| Professional Services | | |
| Actuarial | 161,155 | 147,714 |
| Audit | 43,295 | 42,034 |
| Consultant and custodial | 560,214 | 677,399 |
| Legal | 31,206 | 40,547 |
| Medical | 1,700 | 5,100 |
| Total Professional Services | 797,570 | 912,794 |
| Other | | |
| Education and travel | 25,285 | 13,777 |
| Insurance | 179,080 | 152,357 |
| Office expense | 214,565 | 175,401 |
| Repair and maintenance | 220,567 | 227,525 |
| Retirement contribution | 64,922 | 63,636 |
| Utilities | 22,533 | 25,200 |
| Total Other | 726,952 | 657,896 |
| Total Administrative Expense | \$ 2,137,202 | \$ 2,181,630 |



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees and Plan Administrator
City of Miami Firefighters' and Police Officers' Retirement Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of City of Miami Firefighters' and Police Officers' Retirement Trust (the "Trust"), which collectively comprise the statement of fiduciary net position as of September 30, 2022, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 17, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Miami, FL
February 17, 2023





Investment Section

Asset Class Performance Summary (Net of Fees)

| | Market Value (\$) | % of Portfolio | QTD (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | S.I. Date | S.I. (%) |
|--------------------------------------|----------------------|-------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Total Fund | 1,477,845,014 | 100.0 | -5.0 | -17.4 | -12.8 | 3.5 | 4.4 | 6.1 | Jan-94 | 7.5 |
| <i>Fund Benchmark</i> | | | <i>-5.7</i> | <i>-18.5</i> | <i>-14.7</i> | <i>3.3</i> | <i>4.6</i> | <i>6.4</i> | <i>Jan-94</i> | <i>7.1</i> |
| US Equity | 475,565,548 | 32.2 | -4.4 | -24.4 | -17.2 | 6.2 | 7.5 | 10.8 | Jan-94 | -- |
| <i>Russell 3000</i> | | | <i>-4.5</i> | <i>-24.6</i> | <i>-17.6</i> | <i>7.7</i> | <i>8.6</i> | <i>11.4</i> | <i>Jan-94</i> | <i>9.3</i> |
| International Equity | 288,274,305 | 19.5 | -10.7 | -27.4 | -25.4 | -1.0 | 0.5 | 4.5 | Jan-94 | -- |
| <i>MSCI EAFE</i> | | | <i>-9.4</i> | <i>-27.1</i> | <i>-25.1</i> | <i>-1.8</i> | <i>-0.8</i> | <i>3.7</i> | <i>Jan-94</i> | <i>4.3</i> |
| Private Equity | 128,525,599 | 8.7 | -2.7 | 2.1 | 12.4 | 22.3 | 18.4 | 14.1 | Jan-94 | -- |
| <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | | | <i>-15.4</i> | <i>-14.3</i> | <i>-14.8</i> | <i>8.1</i> | <i>8.8</i> | <i>10.9</i> | <i>Jan-94</i> | <i>--</i> |
| Investment Grade Bonds | 234,482,246 | 15.9 | -4.6 | -14.3 | -14.4 | -2.9 | -0.1 | 1.0 | Jan-94 | 4.4 |
| <i>Bloomberg US Aggregate TR</i> | | | <i>-4.8</i> | <i>-14.6</i> | <i>-14.6</i> | <i>-3.3</i> | <i>-0.3</i> | <i>0.9</i> | <i>Jan-94</i> | <i>4.3</i> |
| Treasuries | 57,754,287 | 3.9 | -9.6 | -28.7 | -26.5 | -- | -- | -- | Jun-20 | -16.2 |
| <i>Bloomberg US Govt Long TR</i> | | | <i>-9.6</i> | <i>-28.8</i> | <i>-26.6</i> | <i>-8.5</i> | <i>-1.6</i> | <i>0.6</i> | <i>Jun-20</i> | <i>-16.2</i> |
| High Yield | 28,551,615 | 1.9 | -0.4 | -13.0 | -12.3 | 0.4 | 2.1 | 4.1 | Jan-94 | -- |
| <i>ICE BofA US High Yield TR</i> | | | <i>-0.7</i> | <i>-14.6</i> | <i>-14.1</i> | <i>-0.7</i> | <i>1.4</i> | <i>3.9</i> | <i>Jan-94</i> | <i>6.3</i> |
| Bank Loans | 39,853,806 | 2.7 | 1.2 | -3.3 | -2.4 | 1.9 | 3.0 | -- | Jan-94 | -- |
| <i>Credit Suisse Leveraged Loans</i> | | | <i>1.2</i> | <i>-3.3</i> | <i>-2.6</i> | <i>2.1</i> | <i>3.0</i> | <i>3.7</i> | <i>Jan-94</i> | <i>5.0</i> |
| Real Estate | 182,774,784 | 12.4 | -1.2 | 10.9 | 19.5 | 10.2 | 9.0 | 9.4 | Jan-94 | -- |
| <i>NCREIF ODCE</i> | | | <i>0.5</i> | <i>13.1</i> | <i>22.1</i> | <i>12.4</i> | <i>10.2</i> | <i>10.9</i> | <i>Jan-94</i> | <i>9.3</i> |
| Infrastructure | 11,375,481 | 0.8 | 21.5 | 41.9 | 48.1 | 11.9 | -- | -- | Jan-94 | -- |
| <i>CPI + 500 bps</i> | | | <i>1.4</i> | <i>10.4</i> | <i>13.6</i> | <i>10.2</i> | <i>8.9</i> | <i>--</i> | <i>Jan-94</i> | <i>--</i> |
| Cash & Cash Alternatives | 30,687,342 | 2.1 | -5.9 | -21.3 | -17.1 | 2.4 | 3.6 | -- | Jan-94 | -- |
| <i>BlackRock Custom Benchmark</i> | | | <i>-5.9</i> | <i>-21.5</i> | <i>-17.4</i> | <i>2.4</i> | <i>3.7</i> | <i>--</i> | <i>Jan-94</i> | <i>--</i> |

Fiscal year end is September 30.

| Performance Summary (Net of Fees) | | | | | | | | | | |
|--------------------------------------------------|----------------------|----------------|-------------|--------------|--------------|--------------|--------------|---------------|---------------|-------------|
| | Market Value (\$) | % of Sector | QTD (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | S.I. Date | S.I. (%) |
| Total Fund | 1,477,845,014 | -- | -5.0 | -17.4 | -12.8 | 3.5 | 4.4 | 6.1 | Jan-94 | 7.5 |
| <i>Fund Benchmark</i> | | | <i>-5.7</i> | <i>-18.5</i> | <i>-14.7</i> | <i>3.3</i> | <i>4.6</i> | <i>6.4</i> | <i>Jan-94</i> | <i>7.1</i> |
| <i>InvestorForce Public DB \$1-5B Net Median</i> | | | <i>-3.8</i> | <i>-14.0</i> | <i>-10.3</i> | <i>4.4</i> | <i>5.0</i> | <i>6.8</i> | <i>Jan-94</i> | <i>7.1</i> |
| <i>InvestorForce Public DB \$1-5B Net Rank</i> | | | <i>90</i> | <i>73</i> | <i>62</i> | <i>83</i> | <i>72</i> | <i>76</i> | <i>Jan-94</i> | <i>5</i> |
| US Equity | 475,565,548 | 32.2 | -4.4 | -24.4 | -17.2 | 6.2 | 7.5 | 10.8 | Jan-94 | -- |
| <i>Russell 3000</i> | | | <i>-4.5</i> | <i>-24.6</i> | <i>-17.6</i> | <i>7.7</i> | <i>8.6</i> | <i>11.4</i> | <i>Jan-94</i> | <i>9.3</i> |
| Northern Trust S&P500 Index Fund | 332,117,702 | 69.8 | -4.9 | -23.9 | -15.5 | -- | -- | -- | Aug-20 | 5.9 |
| <i>S&P 500</i> | | | <i>-4.9</i> | <i>-23.9</i> | <i>-15.5</i> | <i>8.2</i> | <i>9.2</i> | <i>11.7</i> | <i>Aug-20</i> | <i>5.9</i> |
| Boston Partners Mid Cap Value | 47,710,820 | 10.0 | -4.5 | -17.9 | -11.5 | 5.6 | 5.4 | 11.0 | Jun-98 | 9.0 |
| <i>Russell MidCap Value</i> | | | <i>-4.9</i> | <i>-20.4</i> | <i>-13.6</i> | <i>4.5</i> | <i>4.8</i> | <i>9.4</i> | <i>Jun-98</i> | <i>8.4</i> |
| <i>eV US Mid Cap Value Equity Net Median</i> | | | <i>-4.8</i> | <i>-18.2</i> | <i>-10.6</i> | <i>5.4</i> | <i>5.1</i> | <i>9.2</i> | <i>Jun-98</i> | <i>8.9</i> |
| <i>eV US Mid Cap Value Equity Net Rank</i> | | | <i>40</i> | <i>44</i> | <i>56</i> | <i>47</i> | <i>41</i> | <i>16</i> | <i>Jun-98</i> | <i>49</i> |
| Champlain Mid Cap | 41,626,574 | 8.8 | -4.6 | -30.9 | -26.3 | 6.5 | 9.8 | 12.8 | Jul-09 | 13.7 |
| <i>Russell MidCap</i> | | | <i>-3.4</i> | <i>-24.3</i> | <i>-19.4</i> | <i>5.2</i> | <i>6.5</i> | <i>10.3</i> | <i>Jul-09</i> | <i>12.6</i> |
| <i>eV US Mid Cap Core Equity Net Median</i> | | | <i>-3.7</i> | <i>-23.4</i> | <i>-16.6</i> | <i>5.1</i> | <i>6.3</i> | <i>10.2</i> | <i>Jul-09</i> | <i>12.4</i> |
| <i>eV US Mid Cap Core Equity Net Rank</i> | | | <i>74</i> | <i>92</i> | <i>93</i> | <i>32</i> | <i>3</i> | <i>1</i> | <i>Jul-09</i> | <i>6</i> |
| Champlain Small Cap | 54,110,453 | 11.4 | -1.2 | -26.7 | -22.8 | 3.5 | 5.5 | 10.3 | Jan-04 | 10.2 |
| <i>Russell 2000</i> | | | <i>-2.2</i> | <i>-25.1</i> | <i>-23.5</i> | <i>4.3</i> | <i>3.6</i> | <i>8.6</i> | <i>Jan-04</i> | <i>7.4</i> |
| <i>eV US Small Cap Core Equity Net Median</i> | | | <i>-3.2</i> | <i>-23.9</i> | <i>-19.5</i> | <i>6.1</i> | <i>5.4</i> | <i>9.4</i> | <i>Jan-04</i> | <i>8.4</i> |
| <i>eV US Small Cap Core Equity Net Rank</i> | | | <i>12</i> | <i>77</i> | <i>77</i> | <i>85</i> | <i>48</i> | <i>29</i> | <i>Jan-04</i> | <i>3</i> |

Total Plan | As of September 30, 2022

| | Market Value (\$) | % of Sector | QTD (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | S.I. Date | S.I. (%) |
|-----------------------------------------------|----------------------|----------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|-------------|
| International Equity | 288,274,305 | 19.5 | -10.7 | -27.4 | -25.4 | -1.0 | 0.5 | 4.5 | Jan-94 | -- |
| <i>MSCI EAFE</i> | | | <i>-9.4</i> | <i>-27.1</i> | <i>-25.1</i> | <i>-1.8</i> | <i>-0.8</i> | <i>3.7</i> | <i>Jan-94</i> | <i>4.3</i> |
| Northern Trust EAFE Index Fund | 94,145,733 | 32.7 | -10.1 | -27.3 | -25.0 | -- | -- | -- | Aug-20 | -1.6 |
| <i>MSCI EAFE</i> | | | <i>-9.4</i> | <i>-27.1</i> | <i>-25.1</i> | <i>-1.8</i> | <i>-0.8</i> | <i>3.7</i> | <i>Aug-20</i> | <i>-1.7</i> |
| Wellington International Quality Growth (IQG) | 90,914,543 | 31.5 | -12.5 | -35.2 | -33.4 | -1.2 | 1.1 | -- | Nov-14 | 4.7 |
| <i>MSCI ACWI ex USA Growth</i> | | | <i>-9.4</i> | <i>-31.8</i> | <i>-30.2</i> | <i>-1.4</i> | <i>0.2</i> | <i>4.0</i> | <i>Nov-14</i> | <i>2.5</i> |
| <i>eV ACWI ex-US Growth Equity Net Median</i> | | | <i>-8.7</i> | <i>-35.3</i> | <i>-34.0</i> | <i>-0.2</i> | <i>0.8</i> | <i>4.6</i> | <i>Nov-14</i> | <i>3.7</i> |
| <i>eV ACWI ex-US Growth Equity Net Rank</i> | | | <i>98</i> | <i>50</i> | <i>48</i> | <i>63</i> | <i>45</i> | <i>--</i> | <i>Nov-14</i> | <i>32</i> |
| First Eagle International Equity | 103,164,669 | 35.8 | -- | -- | -- | -- | -- | -- | Sep-22 | -7.7 |
| <i>MSCI EAFE Value</i> | | | <i>-10.2</i> | <i>-21.1</i> | <i>-20.2</i> | <i>-2.8</i> | <i>-2.7</i> | <i>2.4</i> | <i>Sep-22</i> | <i>-9.0</i> |
| <i>MSCI EAFE</i> | | | <i>-9.4</i> | <i>-27.1</i> | <i>-25.1</i> | <i>-1.8</i> | <i>-0.8</i> | <i>3.7</i> | <i>Sep-22</i> | <i>-9.4</i> |
| <i>eV EAFE Value Equity Net Median</i> | | | <i>-10.7</i> | <i>-23.1</i> | <i>-22.6</i> | <i>-1.1</i> | <i>-1.8</i> | <i>3.4</i> | <i>Sep-22</i> | <i>-8.9</i> |
| <i>eV EAFE Value Equity Net Rank</i> | | | <i>--</i> | <i>--</i> | <i>--</i> | <i>--</i> | <i>--</i> | <i>--</i> | <i>Sep-22</i> | <i>14</i> |
| Private Equity | 128,525,599 | 8.7 | -2.7 | 2.1 | 12.4 | 22.3 | 18.4 | 14.1 | Jan-94 | -- |
| <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | | | <i>-15.4</i> | <i>-14.3</i> | <i>-14.8</i> | <i>8.1</i> | <i>8.8</i> | <i>10.9</i> | <i>Jan-94</i> | <i>--</i> |
| Adams Street 2012 Global Fund | 13,371,169 | 10.4 | -8.9 | -9.4 | -1.6 | 22.6 | 19.9 | 11.0 | Jul-12 | 8.6 |
| <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | | | <i>-15.4</i> | <i>-14.3</i> | <i>-14.8</i> | <i>8.1</i> | <i>8.8</i> | <i>10.9</i> | <i>Jul-12</i> | <i>10.0</i> |
| Adams Street Venture Innovation Fund | 12,522,603 | 9.7 | -7.3 | -2.6 | 16.4 | 52.3 | -- | -- | Dec-17 | 25.5 |
| <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | | | <i>-15.4</i> | <i>-14.3</i> | <i>-14.8</i> | <i>8.1</i> | <i>8.8</i> | <i>10.9</i> | <i>Dec-17</i> | <i>8.4</i> |
| Catalyst III | 1,955,546 | 1.5 | 6.9 | 0.2 | 20.2 | 12.5 | 11.5 | 14.7 | Oct-12 | 14.7 |
| <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | | | <i>-15.4</i> | <i>-14.3</i> | <i>-14.8</i> | <i>8.1</i> | <i>8.8</i> | <i>10.9</i> | <i>Oct-12</i> | <i>10.9</i> |

Total Plan | As of September 30, 2022

| | Market Value (\$) | % of Sector | QTD (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | S.I. Date | S.I. (%) |
|---------------------------------------------------------------------------|----------------------|----------------|-----------------------|-----------------------|-----------------------|--------------------|--------------------|---------------------|-------------------------|---------------------|
| Catalyst IV <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 7,391,219 | 5.8 | -8.5 <i>-15.4</i> | -30.5 <i>-14.3</i> | -27.3 <i>-14.8</i> | 19.6 <i>8.1</i> | 18.0 <i>8.8</i> | -- <i>10.9</i> | Nov-15 <i>Nov-15</i> | 13.8 <i>8.9</i> |
| Coller Fund VI <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 2,685,747 | 2.1 | -4.4 <i>-15.4</i> | 2.9 <i>-14.3</i> | 13.6 <i>-14.8</i> | 16.3 <i>8.1</i> | 17.1 <i>8.8</i> | 20.7 <i>10.9</i> | Oct-12 <i>Oct-12</i> | 20.7 <i>10.9</i> |
| Coller Fund VII <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 6,406,975 | 5.0 | -1.8 <i>-15.4</i> | 6.0 <i>-14.3</i> | 18.1 <i>-14.8</i> | 19.1 <i>8.1</i> | 23.9 <i>8.8</i> | -- <i>10.9</i> | Oct-16 <i>Oct-16</i> | 29.5 <i>10.8</i> |
| Coller Fund VIII <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 10,566,593 | 8.2 | 0.2 <i>-15.4</i> | 26.8 <i>-14.3</i> | 44.1 <i>-14.8</i> | -- <i>8.1</i> | -- <i>8.8</i> | -- <i>10.9</i> | Jun-20 <i>Jun-20</i> | 50.3 <i>10.6</i> |
| JP Morgan Global Fund V <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 11,645,382 | 9.1 | -0.8 <i>-15.4</i> | 4.6 <i>-14.3</i> | 15.9 <i>-14.8</i> | 19.7 <i>8.1</i> | 21.7 <i>8.8</i> | -- <i>10.9</i> | May-14 <i>May-14</i> | 20.4 <i>9.1</i> |
| JP Morgan Global Fund VI <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 16,023,238 | 12.5 | 2.4 <i>-15.4</i> | 13.8 <i>-14.3</i> | 24.8 <i>-14.8</i> | 20.5 <i>8.1</i> | -- <i>8.8</i> | -- <i>10.9</i> | Dec-17 <i>Dec-17</i> | 23.5 <i>8.4</i> |
| JP Morgan Global Fund VIII <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 13,541,637 | 10.5 | 3.0 <i>-15.4</i> | 16.4 <i>-14.3</i> | 23.7 <i>-14.8</i> | 16.6 <i>8.1</i> | -- <i>8.8</i> | -- <i>10.9</i> | Mar-19 <i>Mar-19</i> | 13.7 <i>9.3</i> |
| JPMorgan US Corporate Finance III <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 775,769 | 0.6 | -9.8 <i>-15.4</i> | -2.0 <i>-14.3</i> | 19.3 <i>-14.8</i> | 41.7 <i>8.1</i> | 22.8 <i>8.8</i> | 20.2 <i>10.9</i> | Oct-06 <i>Oct-06</i> | -- <i>8.1</i> |
| JPMorgan Venture Capital Fund III <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 1,656,632 | 1.3 | -14.5 <i>-15.4</i> | -13.4 <i>-14.3</i> | -5.0 <i>-14.8</i> | 14.6 <i>8.1</i> | 10.9 <i>8.8</i> | 9.6 <i>10.9</i> | Oct-06 <i>Oct-06</i> | -- <i>8.1</i> |

Total Plan | As of September 30, 2022

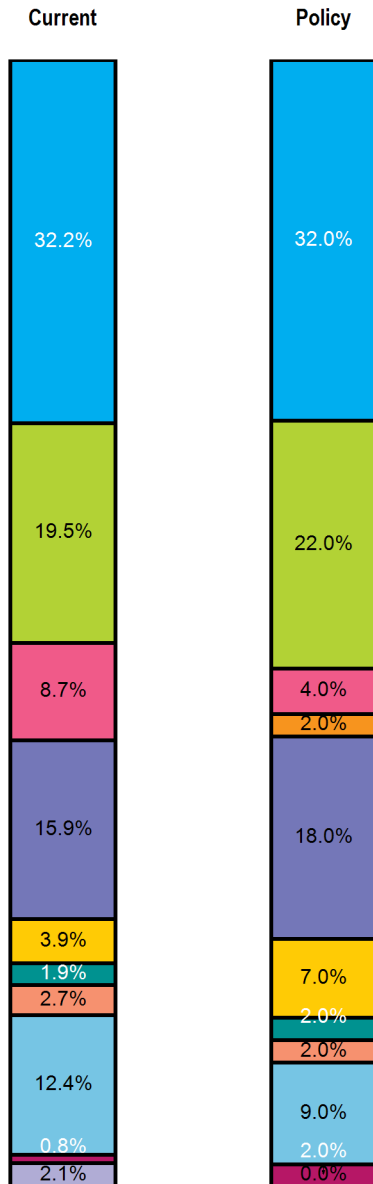
| | Market Value (\$) | % of Sector | QTD (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | S.I. Date | S.I. (%) |
|------------------------------------------------------------------------------|----------------------|----------------|----------------------|-----------------------|-----------------------|---------------------|--------------------|----------------------|-------------------------|----------------------|
| Lexington Capital Partners VIII <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 9,769,705 | 7.6 | -2.8 <i>-15.4</i> | 5.0 <i>-14.3</i> | 14.0 <i>-14.8</i> | 19.7 <i>8.1</i> | 20.3 <i>8.8</i> | -- <i>10.9</i> | Aug-15 <i>Aug-15</i> | 17.6 <i>8.4</i> |
| Lexington Capital Partners IX <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 14,060,388 | 10.9 | -0.6 <i>-15.4</i> | 14.7 <i>-14.3</i> | 28.2 <i>-14.8</i> | 21.1 <i>8.1</i> | -- <i>8.8</i> | -- <i>10.9</i> | Mar-19 <i>Mar-19</i> | -- <i>9.3</i> |
| Pantheon USA Fund VII <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 1,701,272 | 1.3 | -5.8 <i>-15.4</i> | -0.5 <i>-14.3</i> | 3.8 <i>-14.8</i> | 21.0 <i>8.1</i> | 12.8 <i>8.8</i> | 13.2 <i>10.9</i> | Sep-07 <i>Sep-07</i> | 9.6 <i>6.9</i> |
| Standard Life Europe Smaller Funds I <i>MSCI ACWI IMI (1Q Lagged) +2%</i> | 3,788,938 | 2.9 | -5.9 <i>-15.4</i> | -8.5 <i>-14.3</i> | -7.2 <i>-14.8</i> | 5.2 <i>8.1</i> | 6.3 <i>8.8</i> | -20.4 <i>10.9</i> | Oct-12 <i>Oct-12</i> | -20.4 <i>10.9</i> |
| Coller Fund V | 52,897 | 0.0 | | | | | | | | |
| JPMorgan European Corporate Finance III | 146,257 | 0.1 | | | | | | | | |
| Lexington Capital Partners VI-B | 150,900 | 0.1 | | | | | | | | |
| Pantheon Europe Fund V-B | 312,732 | 0.2 | | | | | | | | |
| Investment Grade Bonds | 234,482,246 | 15.9 | -4.6 | -14.3 | -14.4 | -2.9 | -0.1 | 1.0 | Jan-94 | 4.4 |
| <i>Bloomberg US Aggregate TR</i> | | | <i>-4.8</i> | <i>-14.6</i> | <i>-14.6</i> | <i>-3.3</i> | <i>-0.3</i> | <i>0.9</i> | <i>Jan-94</i> | <i>4.3</i> |
| NT US Aggregate Bond <i>Bloomberg US Aggregate TR</i> | 172,971,118 | 73.8 | -4.7 <i>-4.8</i> | -14.5 <i>-14.6</i> | -14.6 <i>-14.6</i> | -- <i>-3.3</i> | -- <i>-0.3</i> | -- <i>0.9</i> | Aug-20 <i>Aug-20</i> | -7.8 <i>-7.8</i> |
| Dodge & Cox Core Fixed Income <i>Bloomberg US Aggregate TR</i> | 61,511,128 | 26.2 | -4.1 <i>-4.8</i> | -13.6 <i>-14.6</i> | -14.0 <i>-14.6</i> | -1.8 <i>-3.3</i> | 0.6 <i>-0.3</i> | 1.8 <i>0.9</i> | Jan-02 <i>Jan-02</i> | 4.0 <i>3.4</i> |
| <i>eV US Core Fixed Inc Net Median</i> | | | <i>-4.6</i> | <i>-14.6</i> | <i>-14.6</i> | <i>-3.0</i> | <i>0.0</i> | <i>1.1</i> | <i>Jan-02</i> | <i>3.6</i> |
| <i>eV US Core Fixed Inc Net Rank</i> | | | <i>17</i> | <i>18</i> | <i>22</i> | <i>7</i> | <i>7</i> | <i>4</i> | <i>Jan-02</i> | <i>13</i> |

Total Plan | As of September 30, 2022

| | Market Value (\$) | % of Sector | QTD (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | S.I. Date | S.I. (%) |
|--------------------------------------------------------|--------------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|---------------|--------------|
| Treasuries | 57,754,287 | 3.9 | -9.6 | -28.7 | -26.5 | -- | -- | -- | Jun-20 | -16.2 |
| <i>Bloomberg US Govt Long TR</i> | | | <i>-9.6</i> | <i>-28.8</i> | <i>-26.6</i> | <i>-8.5</i> | <i>-1.6</i> | <i>0.6</i> | <i>Jun-20</i> | <i>-16.2</i> |
| NT Long-Term Gov. Bond Index Fund | 57,754,287 | 100.0 | -9.6 | -28.7 | -26.5 | -- | -- | -- | Jun-20 | -16.2 |
| <i>Bloomberg US Govt Long TR</i> | | | <i>-9.6</i> | <i>-28.8</i> | <i>-26.6</i> | <i>-8.5</i> | <i>-1.6</i> | <i>0.6</i> | <i>Jun-20</i> | <i>-16.2</i> |
| High Yield | 28,551,615 | 1.9 | -0.4 | -13.0 | -12.3 | 0.4 | 2.1 | 4.1 | Jan-94 | -- |
| <i>ICE BofA US High Yield TR</i> | | | <i>-0.7</i> | <i>-14.6</i> | <i>-14.1</i> | <i>-0.7</i> | <i>1.4</i> | <i>3.9</i> | <i>Jan-94</i> | <i>6.3</i> |
| AXA High Yield | 28,551,615 | 100.0 | -0.4 | -13.0 | -12.3 | 0.4 | 2.1 | -- | Mar-14 | 3.0 |
| <i>ICE BofA US High Yield TR</i> | | | <i>-0.7</i> | <i>-14.6</i> | <i>-14.1</i> | <i>-0.7</i> | <i>1.4</i> | <i>3.9</i> | <i>Mar-14</i> | <i>2.9</i> |
| <i>eV US High Yield Fixed Inc Net Median</i> | | | <i>-0.6</i> | <i>-13.6</i> | <i>-12.9</i> | <i>-0.4</i> | <i>1.5</i> | <i>3.7</i> | <i>Mar-14</i> | <i>2.8</i> |
| <i>eV US High Yield Fixed Inc Net Rank</i> | | | <i>43</i> | <i>38</i> | <i>36</i> | <i>30</i> | <i>19</i> | <i>--</i> | <i>Mar-14</i> | <i>34</i> |
| Bank Loans | 39,853,806 | 2.7 | 1.2 | -3.3 | -2.4 | 1.9 | 3.0 | -- | Jan-94 | -- |
| <i>Credit Suisse Leveraged Loans</i> | | | <i>1.2</i> | <i>-3.3</i> | <i>-2.6</i> | <i>2.1</i> | <i>3.0</i> | <i>3.7</i> | <i>Jan-94</i> | <i>5.0</i> |
| Pacific Asset Management | 39,853,806 | 100.0 | 1.2 | -3.3 | -2.4 | 1.9 | 3.0 | -- | May-14 | 3.4 |
| <i>Credit Suisse Leveraged Loans</i> | | | <i>1.2</i> | <i>-3.3</i> | <i>-2.6</i> | <i>2.1</i> | <i>3.0</i> | <i>3.7</i> | <i>May-14</i> | <i>3.3</i> |
| <i>eV US Float-Rate Bank Loan Fixed Inc Net Median</i> | | | <i>1.1</i> | <i>-4.0</i> | <i>-3.3</i> | <i>1.5</i> | <i>2.4</i> | <i>3.1</i> | <i>May-14</i> | <i>2.8</i> |
| <i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i> | | | <i>44</i> | <i>25</i> | <i>24</i> | <i>25</i> | <i>12</i> | <i>--</i> | <i>May-14</i> | <i>9</i> |
| Real Estate | 182,774,784 | 12.4 | -1.2 | 10.9 | 19.5 | 10.2 | 9.0 | 9.4 | Jan-94 | -- |
| <i>NCREIF ODCE</i> | | | <i>0.5</i> | <i>13.1</i> | <i>22.1</i> | <i>12.4</i> | <i>10.2</i> | <i>10.9</i> | <i>Jan-94</i> | <i>9.3</i> |
| Centersquare Value Fund IV | 16,385,187 | 9.0 | 6.2 | 35.2 | 42.3 | 21.6 | -- | -- | Oct-18 | 6.1 |
| <i>NCREIF Property +300bps IQLAG</i> | | | <i>4.0</i> | <i>18.0</i> | <i>25.0</i> | <i>13.5</i> | <i>12.1</i> | <i>--</i> | <i>Oct-18</i> | <i>12.5</i> |

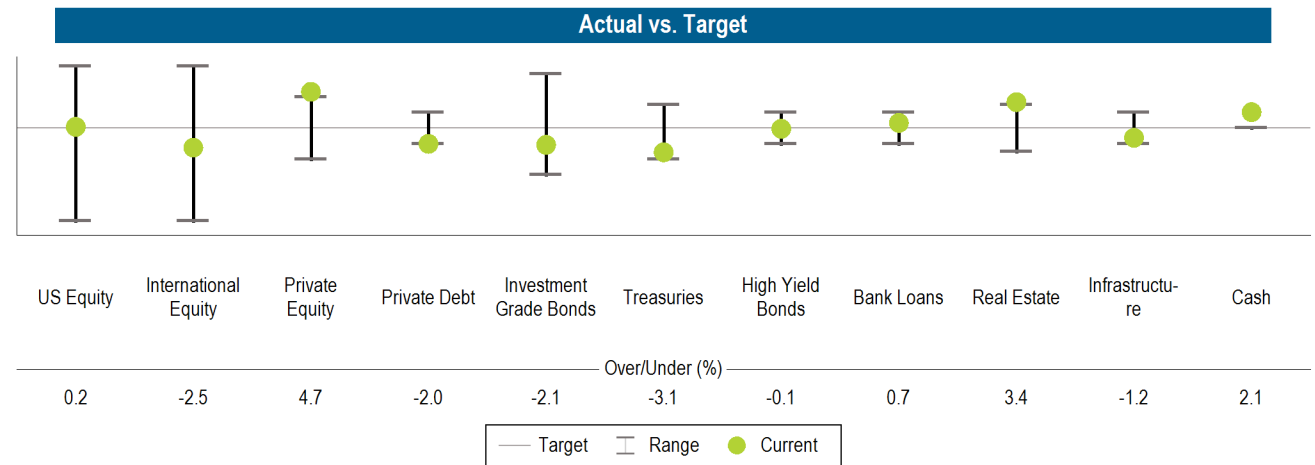
Total Plan | As of September 30, 2022

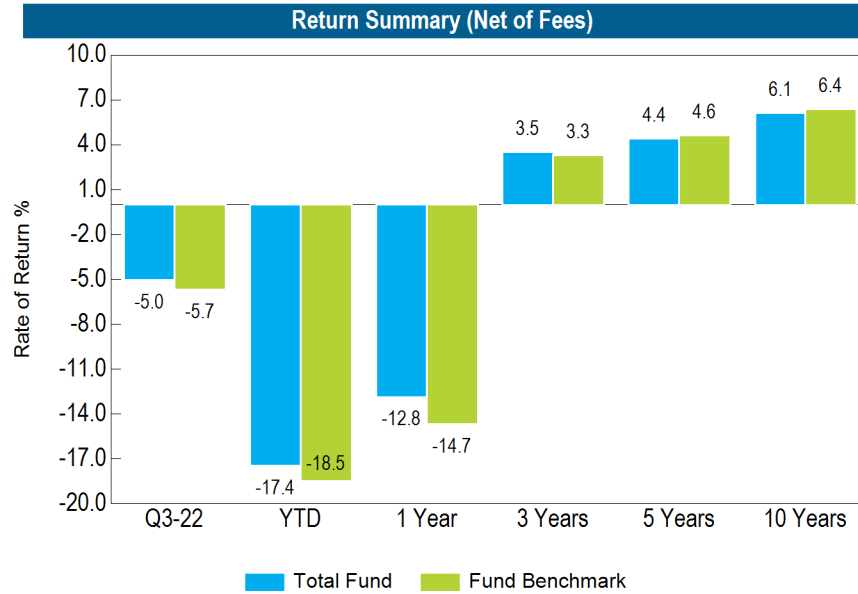
| | Market Value (\$) | % of Sector | QTD (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | S.I. Date | S.I. (%) |
|--------------------------------------------------------------------------|----------------------|----------------|----------------------------|------------------------------|------------------------------|----------------------------|--------------------------|---------------------|--------------------------------|-------------------|
| JP Morgan SPF <i>NCREIF ODCE</i> | 130,395,058 | 71.3 | -1.5 <i>0.5</i> | 9.4 <i>13.1</i> | 18.0 <i>22.1</i> | 10.4 <i>12.4</i> | 8.1 <i>10.2</i> | 9.4 <i>10.9</i> | Jan-10 <i>Jan-10</i> | -- <i>11.8</i> |
| JP Morgan SSPF <i>NCREIF ODCE + 100bps</i> | 31,973,697 | 17.5 | -3.7 <i>0.8</i> | 5.7 <i>13.9</i> | 13.4 <i>23.3</i> | 10.2 <i>13.5</i> | 9.1 <i>11.3</i> | 11.3 <i>12.0</i> | Jan-10 <i>Jan-10</i> | -- <i>12.9</i> |
| Centersquare Value Fund III | 415,407 | 0.2 | | | | | | | | |
| Retirement Office | 3,605,436 | 2.0 | | | | | | | | |
| Infrastructure <i>CPI + 500 bps</i> | 11,375,481 | 0.8 | 21.5 <i>1.4</i> | 41.9 <i>10.4</i> | 48.1 <i>13.6</i> | 11.9 <i>10.2</i> | -- <i>8.9</i> | -- <i>--</i> | Jan-94 <i>Jan-94</i> | -- <i>--</i> |
| BlackRock NTR Renewable Power Fund <i>CPI + 500 bps</i> | 375,785 | 3.3 | 0.0 <i>1.4</i> | 44.0 <i>10.4</i> | 38.7 <i>13.6</i> | -1.8 <i>10.2</i> | 3.0 <i>8.9</i> | -- <i>--</i> | Apr-13 <i>Apr-13</i> | 1.4 <i>7.7</i> |
| BlackRock Global Renewable Power Fund II <i>CPI + 500 bps</i> | 10,999,697 | 96.7 | 22.4 <i>1.4</i> | 32.8 <i>10.4</i> | 41.2 <i>13.6</i> | 14.9 <i>10.2</i> | 9.0 <i>8.9</i> | -- <i>--</i> | Sep-16 <i>Sep-16</i> | 7.1 <i>8.7</i> |
| Cash & Cash Alternatives <i>BlackRock Custom Benchmark</i> | 30,687,342 | 2.1 | -5.9 <i>-5.9</i> | -21.3 <i>-21.5</i> | -17.1 <i>-17.4</i> | 2.4 <i>2.4</i> | 3.6 <i>3.7</i> | -- <i>--</i> | Jan-94 <i>Jan-94</i> | -- <i>--</i> |
| BlackRock Liquid Policy Portfolio <i>BlackRock Custom Benchmark</i> | 25,280,517 | 82.4 | -6.3 <i>-5.9</i> | -21.4 <i>-21.5</i> | -17.2 <i>-17.4</i> | 2.4 <i>2.4</i> | 3.6 <i>3.7</i> | -- <i>--</i> | Jul-14 <i>Jul-14</i> | 4.6 <i>4.7</i> |
| Main Account | 5,406,825 | 17.6 | | | | | | | | |



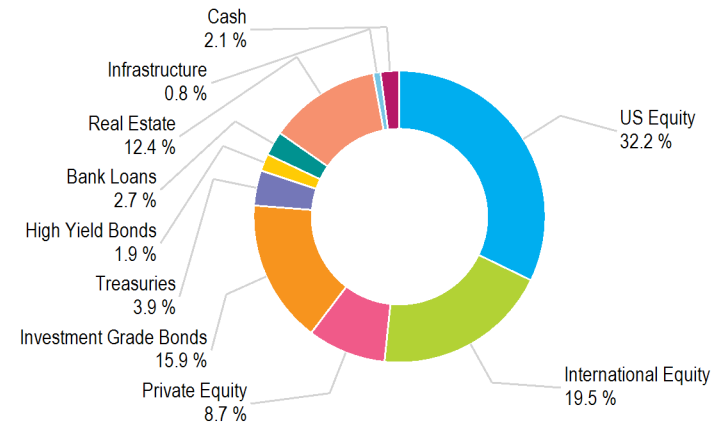
| Allocation vs. Targets and Policy | | | | | | |
|-----------------------------------|------------------------|--------------------|-------------|--------------|-------------------|--|
| | Current Balance | Current Allocation | Policy | Policy Range | Within IPS Range? | |
| US Equity | \$475,565,548 | 32% | 32% | 20% - 40% | Yes | |
| International Equity | \$288,274,305 | 20% | 22% | 10% - 30% | Yes | |
| Private Equity | \$128,525,599 | 9% | 4% | 0% - 8% | No | |
| Private Debt | \$0 | 0% | 2% | 0% - 4% | Yes | |
| Investment Grade Bonds | \$234,482,246 | 16% | 18% | 12% - 25% | Yes | |
| Treasuries | \$57,754,287 | 4% | 7% | 3% - 10% | Yes | |
| High Yield | \$28,551,615 | 2% | 2% | 0% - 4% | Yes | |
| Bank Loans | \$39,853,806 | 3% | 2% | 0% - 4% | Yes | |
| Real Estate | \$182,774,784 | 12% | 9% | 6% - 12% | No | |
| Infrastructure | \$11,375,481 | 1% | 2% | 0% - 4% | Yes | |
| Cash & Cash Alternatives | \$30,687,342 | 2% | 0% | 0% - 5% | Yes | |
| Total | \$1,477,845,014 | 100% | 100% | | | |

Throughout the entire report, cash includes investment in the BlackRock Liquid Policy portfolio.

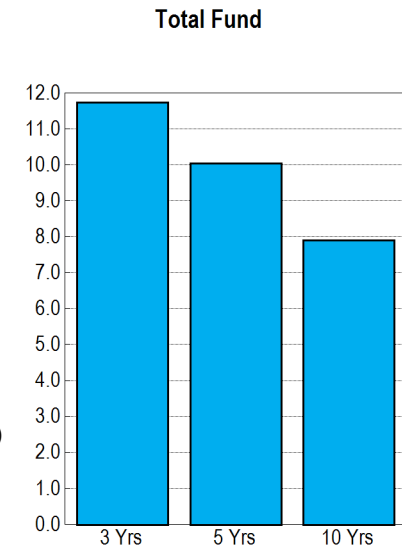




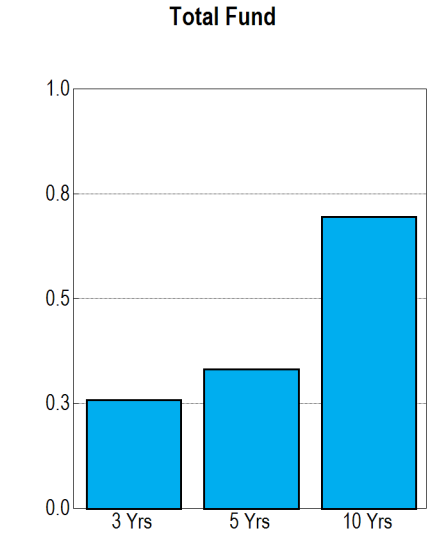
Current Allocation



Annualized Standard Deviation



Sharpe Ratio



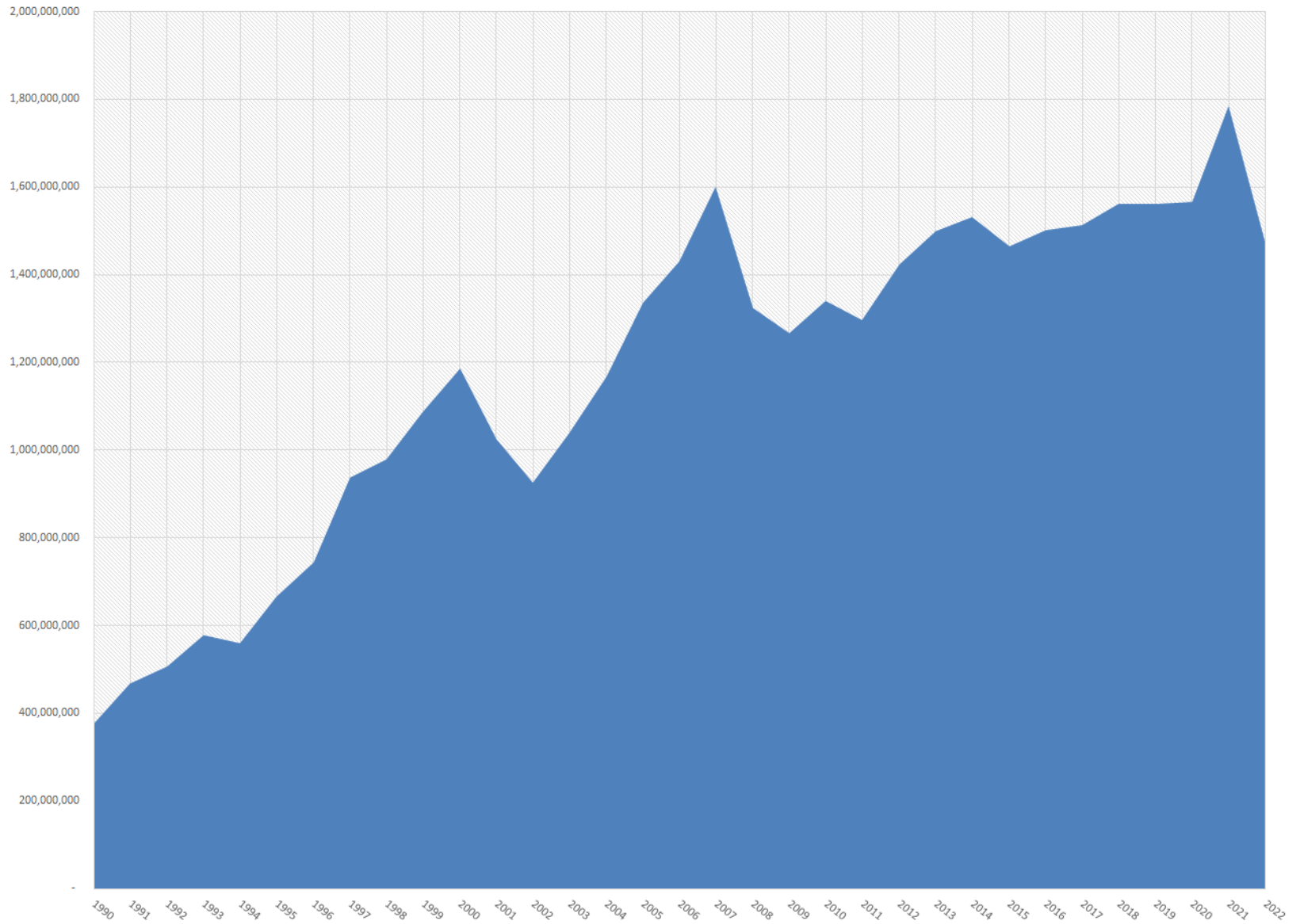
| | QTD (%) | YTD (%) | Fiscal YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) |
|--------------------------------------------------|-------------|--------------|----------------|--------------|------------|------------|------------|
| Total Fund (Net of Fees) | -5.0 | -17.4 | -12.8 | -12.8 | 3.5 | 4.4 | 6.1 |
| <i>Fund Benchmark</i> | <i>-5.7</i> | <i>-18.5</i> | <i>-14.7</i> | <i>-14.7</i> | <i>3.3</i> | <i>4.6</i> | <i>6.4</i> |
| <i>InvestorForce Public DB \$1-5B Net Rank</i> | <i>90</i> | <i>73</i> | <i>62</i> | <i>62</i> | <i>83</i> | <i>72</i> | <i>76</i> |
| <i>InvestorForce Public DB \$1-5B Net Median</i> | <i>-3.8</i> | <i>-14.0</i> | <i>-10.3</i> | <i>-10.3</i> | <i>4.4</i> | <i>5.0</i> | <i>6.8</i> |

As of 7/1/2022, the total fund benchmark consists of 32% Russell 3000, 22% MSCI EAFE, 9% NCREIF ODCE, 4% MSCI ACWI IMI (Lagged) +2%, 2% Barclays US High Yield 1Q Lagged + 2%, 18% Barclays US Aggregate, 2% Credit Suisse Leveraged Loans, 2% ICE BofA Merrill Lynch US High Yield, 7% Barclays US Long Treasury, and 2% Consumer Price Index + 5%

Benchmark returns prior to 9/30/2019 provided by prior consultant.

GROWTH OF THE FUND

| FISCAL YEAR | MARKET VALUE |
|-------------|---------------|
| 1985 | 199,345,728 |
| 1986 | 250,500,507 |
| 1987 | 314,887,130 |
| 1988 | 314,756,341 |
| 1989 | 372,898,432 |
| 1990 | 375,600,000 |
| 1991 | 467,717,640 |
| 1992 | 507,233,089 |
| 1993 | 577,531,203 |
| 1994 | 559,130,104 |
| 1995 | 665,309,481 |
| 1996 | 742,938,069 |
| 1997 | 938,525,274 |
| 1998 | 978,062,036 |
| 1999 | 1,086,034,187 |
| 2000 | 1,186,001,037 |
| 2001 | 1,025,439,757 |
| 2002 | 926,355,174 |
| 2003 | 1,038,797,014 |
| 2004 | 1,168,244,034 |
| 2005 | 1,336,399,433 |
| 2006 | 1,429,556,438 |
| 2007 | 1,600,810,429 |
| 2008 | 1,324,750,244 |
| 2009 | 1,267,128,720 |
| 2010 | 1,339,510,475 |
| 2011 | 1,297,169,271 |
| 2012 | 1,423,736,735 |
| 2013 | 1,499,777,038 |
| 2014 | 1,532,094,518 |
| 2015 | 1,465,540,603 |
| 2016 | 1,501,917,204 |
| 2017 | 1,512,620,055 |
| 2018 | 1,560,554,051 |
| 2019 | 1,561,208,562 |
| 2020 | 1,566,130,574 |
| 2021 | 1,783,768,581 |
| 2022 | 1,477,141,473 |





Actuarial Section

At the request of the plan sponsor, this report summarizes the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2022. The purpose of this report is to communicate the following results of the valuation:

- Determine Funded Status; and
- Determine Recommended Contribution for the fiscal year October 1, 2023 through September 30, 2024.

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the plan administrator. Asset information has been provided to us by the plan administrator. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the Board. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period);
and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



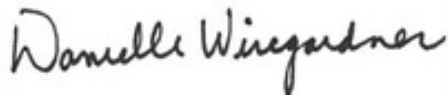
With respect to reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664 (1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

In preparing these results, Nyhart used ProVal valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart



Danielle Winegardner, FSA, EA, MAAA
Enrolled Actuary No. 20-08260



Lawrence Watts, Jr., FSA, EA, FCA, CFA, MAAA
Enrolled Actuary No. 20-08496

March 16, 2023
Date

Copies of this Report are to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following addresses:

Mr. Steve Bardin
Benefits Administrator
Municipal Police Officers' &
Firefighters' Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

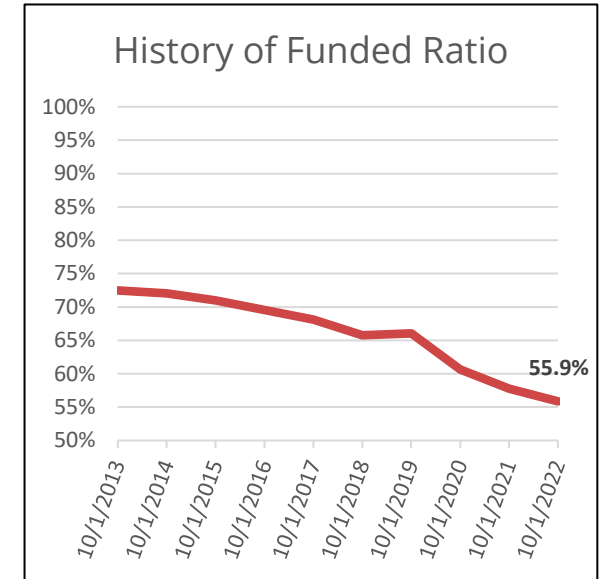
Mr. Keith Brinkman
Bureau Chief, Bureau of Local Retirement Systems
Florida Department of Management Services
Division of Retirement
Department of Management Services
P. O. Box 9000
Tallahassee, FL 32315-9000



Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on an entry age level percentage of pay.

| | October 1, 2021 | October 1, 2022 |
|-------------------------------------------------------|-----------------|-----------------|
| Funded Status Measures | | |
| Accrued Liability | \$2,100,049,297 | \$2,168,641,844 |
| Actuarial Value of Assets | 1,213,074,854 | 1,209,691,816 |
| Unfunded Accrued Liability | \$886,974,443 | \$958,950,028 |
| Funded Percentage (AVA) | 57.8% | 55.8% |
| Funded percentage (MVA) | 62.2% | 49.8% |
| Cost Measures ¹ | | |
| Recommended Contribution For Next Fiscal Year | \$99,369,914 | \$112,909,858 |
| Recommended Contribution (as a percentage of payroll) | 55.7% | 60.1% |
| Asset Performance | | |
| Market Value of Assets (MVA) | \$1,306,437,051 | \$1,080,862,803 |
| Actuarial Value of Assets (AVA) | \$1,213,074,854 | \$1,209,691,816 |
| Actuarial Value/Market Value | 92.9% | 111.9% |
| Participant Information | | |
| Active Participants | 1,915 | 1,926 |
| Terminated Vested Participants | 31 | 18 |
| Terminated, Due Refund | 117 | 115 |
| Retirees, Beneficiaries, and Disabled | 2,036 | 2,033 |
| DROP Participants | 187 | 203 |
| Total Participants | 4,286 | 4,295 |
| Valuation Payroll | \$178,532,455 | \$187,880,152 |
| Total Payroll | \$194,706,662 | \$206,962,544 |



¹Does not include any contribution to the Stabilization Trust. Please see page 46 for more information.



Changes Since Prior Valuation and Key Notes

The assumed administrative expense increased from \$2,244,059 to \$2,356,262.

There have been no other assumption changes or plan changes since the prior valuation.



Five Year Valuation Summary

| | 10/1/2018 | 10/1/2019 | 10/1/2020 | 10/1/2021 | 10/1/2022 |
|-------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Funding | | | | | |
| Accrued Liability | \$1,796,349,619 | \$1,822,559,347 | \$1,940,883,223 | \$2,100,049,297 | \$2,168,641,844 |
| Actuarial Value of Assets | \$1,172,416,575 | \$1,189,509,806 | \$1,176,911,870 | \$1,213,074,854 | \$1,209,691,816 |
| Unfunded Actuarial Accrued Liability | \$623,933,044 | \$633,049,541 | \$763,971,353 | \$886,974,443 | \$958,950,028 |
| Funded Percentage | 65.3% | 65.3% | 60.6% | 57.8% | 55.8% |
| Actual Employer Contribution ¹ | \$60,633,239 | \$62,773,727 | \$65,889,915 | TBD | TBD |
| Recommended Contribution | \$60,633,239 | \$62,773,727 | \$65,889,915 | \$99,369,914 | \$112,909,858 |
| Recommended Contribution (% of Pay) | 36.4% | 37.4% | 37.3% | 55.7% | 60.1% |
| Interest Rate | 7.34% | 7.34% | 7.00% | 7.00% | 7.00% |
| Expense Load Assumption | \$2,210,096 | \$2,181,634 | \$2,137,199 | \$2,244,059 | \$2,356,262 |
| Rate of Return | | | | | |
| Actuarial Value of Assets | 6.7% | 6.5% | 6.3% | 8.6% | 5.2% |
| Market Value of Assets | 6.9% | 6.1% | 5.7% | 19.3% | -12.4% |
| Demographic Information | | | | | |
| Active Participants | 1,998 | 2,003 | 1,931 | 1,915 | 1,926 |
| Terminated Vested Participants | 15 | 22 | 27 | 31 | 18 |
| Terminated, Due Refund | 111 | 106 | 116 | 117 | 115 |
| Retirees, Beneficiaries, and Disabled | 2,120 | 2,072 | 2,080 | 2,036 | 2,033 |
| DROP Participants | 83 | 122 | 145 | 187 | 203 |
| Total Participants | 4,327 | 4,325 | 4,299 | 4,286 | 4,295 |
| Covered Payroll | \$166,670,939 | \$168,059,448 | \$176,212,600 | \$178,532,455 | \$187,880,152 |
| Average Covered Pay | \$83,419 | \$83,904 | \$91,514 | \$93,228 | \$97,549 |

¹ Recommended contribution is for the following fiscal year (e.g., the October 1, 2022 recommended contribution will be made in the fiscal year beginning October 1, 2023 and will be documented in the October 1, 2024 valuation report).



Plan Maturity Measures – October 1, 2022

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the City of Miami Fire Fighters' and Police Officers' Retirement Trust falls in its life-cycle.

Duration of Liabilities: 10.1

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 44.8%

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 17.4%

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 13.4%

As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.



Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the City of Miami Fire Fighters' and Police Officers' Retirement Trust. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

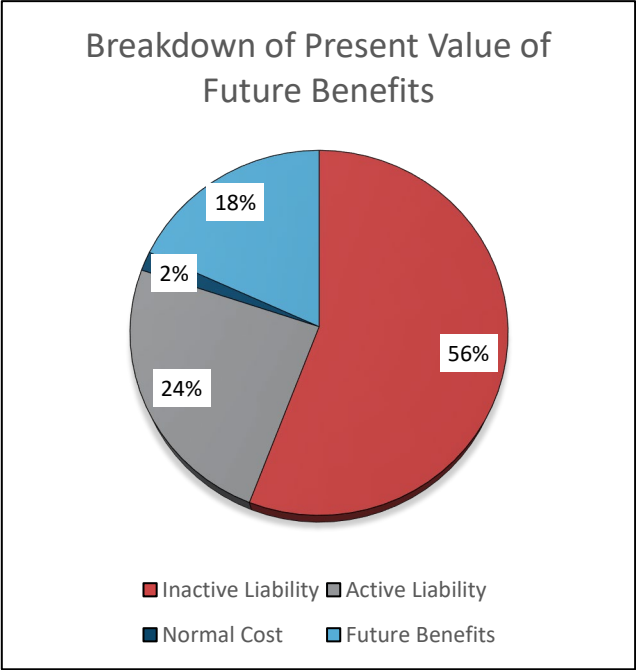
| Type of Risk | Method to Assess Risk |
|-----------------------|-----------------------------------------|
| Investment Return | Scenario Testing; Asset Liability Study |
| Demographic | Scenario Testing |
| Participant Longevity | Stress Testing; Scenario Testing |
| Early Retirement | Stress Testing; Scenario Testing |



Present Value of Future Benefits

The Present Value of Future Benefits represents the current future benefits payable to the participant.

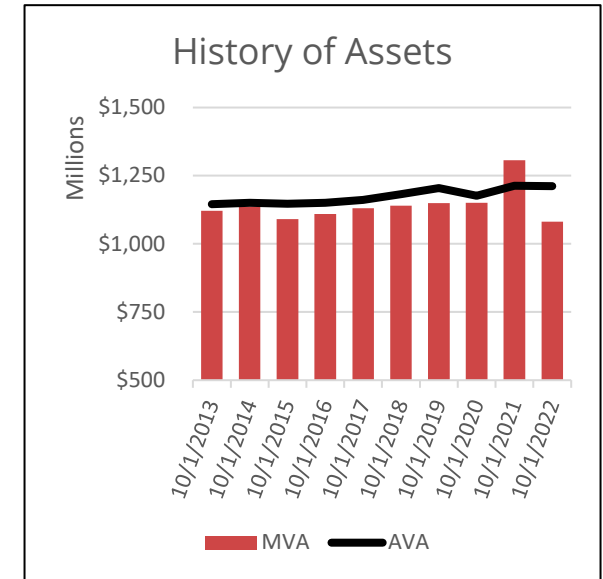
| | October 1, 2022 |
|-----------------------------------------|------------------------|
| Present Value of Future Benefits | |
| Active members | |
| Retirement | \$1,144,551,670 |
| Disability | 14,180,232 |
| Death | 9,979,185 |
| Termination | 26,158,107 |
| Refund of contributions | 1,424,998 |
| Total active | \$1,196,294,192 |
| Inactive members | |
| Retired members | \$1,172,510,270 |
| DROP members | 270,611,455 |
| Beneficiaries | 34,938,751 |
| Disabled members | 26,284,629 |
| Terminated vested members | 7,343,128 |
| Total inactive | \$1,511,688,233 |
| Total | \$2,707,982,425 |
| Present value of future payrolls | \$2,360,321,170 |



Asset Information

The amount of assets backing the pension promise is typically the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

| | October 1, 2022 |
|---------------------------------------------------------|------------------------|
| Market Value Reconciliation | |
| Market value of assets, beginning of prior year | \$1,306,437,051 |
| Employer contributions (incl. discounted accrued items) | 65,889,915 |
| Member contributions | 17,385,718 |
| Investment income, net expenses | (161,547,653) |
| Benefit payments and refunds | (145,165,029) |
| Administrative expenses | (2,137,199) |
| Other expenses | 0 |
| Market value of asset, beginning of current year | \$1,080,862,803 |
| Return on Market Value | -12.35% |
| Actuarial value of assets | |
| Value at beginning of current year | \$1,209,691,816 |



Asset Information (continued)

Plan Assets are used to develop funded percentages and contribution requirements

October 1, 2022

| | | |
|-----|------------------------------------------------------------------------------|-----------------|
| 1. | Expected market value of assets | |
| | (a) Market value of assets – beginning of prior year | \$1,306,437,051 |
| | (b) City contributions | 65,889,915 |
| | (c) Member contributions | 17,385,718 |
| | (d) Benefits payments and administrative expenses | (147,302,228) |
| | (e) Expected return | 91,592,715 |
| | (f) Expected market value of assets – beginning of current year | \$1,334,003,171 |
| 2. | Market value of assets – beginning of current year | \$1,080,862,803 |
| 3. | Present value of COLA transfers | |
| | (a) Current year | \$0 |
| | (b) Next year | 0 |
| | (c) Total | \$0 |
| 4. | Market value net COLA transfer [(2)-(3)] | \$1,080,862,803 |
| 5. | Amount subject to phase in [(4)-(1f)] | (\$253,140,368) |
| 6. | Phase in of asset gain/(loss) | |
| | (a) Current year [80% x (\$253,140,368)] | (\$202,512,294) |
| | (b) First prior year [60% x \$141,132,434] | 84,679,460 |
| | (c) Second prior year [40% x (\$19,371,884)] | (7,748,754) |
| | (d) Third prior year [20% x (\$16,237,126)] | (3,247,425) |
| | (e) Total phase-in | (\$128,829,013) |
| 7. | Preliminary actuarial value of assets – beginning of current year [(2)-(6e)] | \$1,209,691,816 |
| 8. | 80% of Market value of assets | \$864,690,243 |
| 9. | 120% of Market value of assets | \$1,297,035,363 |
| 10. | Adjusted actuarial value of assets | \$1,209,691,816 |
| 11. | Contribution surplus account balance | \$0 |
| 12. | Final actuarial value of assets – beginning of current year [(10)-(11)] | \$1,209,691,816 |
| 13. | Return on actuarial value of assets | 5.15% |



Reconciliation of Gain/Loss

October 1, 2022

Liability (gain)/loss

| | |
|-----------------------------------------|-----------------|
| Present value of future benefits | \$2,638,664,694 |
| Present value of employee contributions | (202,776,296) |
| Expected employee contribution | 15,435,434 |
| Benefit payments | (145,165,029) |
| Interest | 166,597,824 |
| Expected liability | \$2,472,756,627 |
| Plan changes | 0 |
| Expected after changes | \$2,472,756,627 |
| Actual liability | \$2,505,769,023 |
| Liability (gain)/loss | \$33,012,396 |

Asset (gain)/loss

| | |
|---------------------------------------------------------------|---------------------|
| Actuarial value of assets, beginning of prior year | \$1,213,074,854 |
| Contributions | 83,275,633 |
| Benefit payments and expenses | (147,302,228) |
| Expected investment return | 85,057,361 |
| Expected actuarial value of assets, beginning of current year | \$1,234,105,620 |
| Actual actuarial value of assets, beginning of current year | \$1,209,691,816 |
| Asset (gain)/loss | \$24,413,804 |

Total (gain)/loss

\$57,426,200

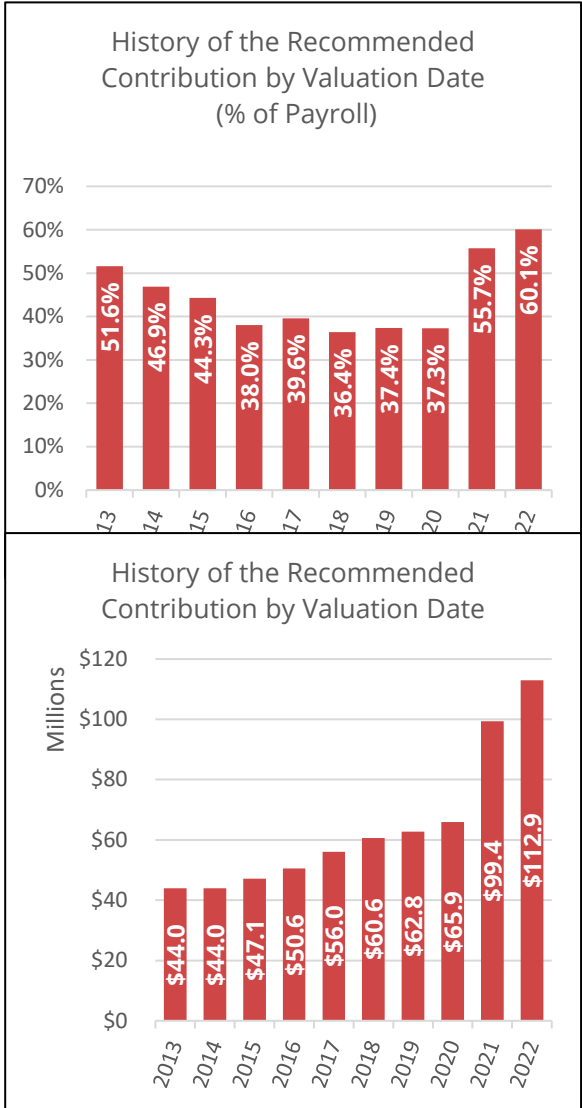


Contribution Requirements

Development of Recommended Contribution

The actuarial determined contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws.

| | October 1, 2022 |
|---------------------------------------------------------------------|------------------------|
| 1. Present value of future benefits | \$2,707,982,425 |
| 2. Actuarial value of assets | 1,209,691,816 |
| 3. Present value of future member contributions | 202,213,402 |
| 4. Present value of future normal Cost [(1)-(2)-(3)] | \$1,296,077,207 |
| 5. Present value of future payroll | \$2,360,321,170 |
| 6. Normal cost accrual rate [(4)/(5)] | 54.91% |
| 7. Administrative expenses | \$2,356,262 |
| 8. Valuation payroll | \$187,880,152 |
| 9. Applicable interest | 7.00% |
| 10. Normal cost | \$105,523,232 |
| 11. Interest to estimated payment date | \$7,386,626 |
| 12. Recommended contribution as of end of year at 7.00% [(10)+(11)] | \$112,909,858 |
| 13. As a percentage of valuation payroll | 60.10% |
| 14. As a percentage of total payroll | 54.56% |



Cost Method (CO)

Aggregate Cost Method.

Asset Valuation Method (CO)

20% Phase-In Method: fair market value of assets on the valuation date adjusted for a 5-year phase-in of gains and losses on the fair market value of assets.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Interest Rates (CO)

7.00% net of investment expenses

Support for the discount rate assumption has been provided in the experience study report dated January 2021.

Annual Pay Increases (FE)

3.25% inflation and 1.5% for promotions and other increases plus salary merit scale below.

| <u>Service</u> | <u>Police</u> | <u>Fire</u> |
|----------------|---------------|-------------|
| 0-6 | 5.0% | 5.0% |
| 7 | 2.5% | 5.0% |
| 8-9 | 5.0% | 5.0% |
| 10-14 | 1.0% | 0.0% |
| 15-16 | 1.25% | 2.5% |
| 17-21 | 1.0% | 1.0% |
| 22+ | 0.0% | 0.0% |

The annual pay increases are based on a study of actual experience for the plan during 2017-2020. See the experience study report dated January 2021.

Expense and/or Contingency Loading (FE)

An assumed administrative expense of \$2,356,262 is added to the recommended contribution development.



Mortality Rates (CO)

Pre-Retirement: Pub-2010 Generational using scale MP-2018; Females, Headcount Weighted Safety Employee Female Table, set forward 1 year; Males, Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year.

Post-Retirement: Pub-2010 Generational using scale MP-2018; Females, Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year; Males, Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year

Disabled: Pub-2010; Females, 80% Headcount Weighted General Disabled Retiree Female Table / 20% Headcount Weighted Safety Disabled Retiree Female Table; Males, 80% Headcount Weighted General Disabled Retiree Male Table / 20% Headcount Weighted Safety Disabled Retiree Male Table.

The mortality rate assumptions were set in accordance with the Florida Retirement System Valuation report dated December 2022.

Retirement Rates (FE)

The following decrements apply based on service.

| <u>Years of Service</u> | <u>Police %</u> | <u>Fire %</u> |
|-------------------------|-----------------|---------------|
| <20 | 0 | 0 |
| 20 | 15 | 10 |
| 21-24 | 20 | 7.5 |
| 25 | 50 | 20 |
| 26-29 | 40 | 20 |
| 30-34 | 100 | 40 |
| 35 | | 100 |

The assumed retirement rates are based on a study of actual experience for the plan during 2017-2020. See the experience study report dated January 2021.



Disability Rates (FE)

100% of the disabilities are expected to be accidental with the following probabilities. No recovery is assumed.

| <u>Age</u> | <u>Rates</u> |
|------------|--------------|
| 35 | 0.07125% |
| 40 | 0.09750% |
| 45 | 0.20000% |
| 50 | 0.30250% |

The disability rates are based on a study of actual experience for the plan during 2017-2020. See the experience study report dated January 2021.

Withdrawal Rates (FE)

Based on Years of Creditable Service using the rates below

| <u>Years of Service</u> | <u>Police %</u> | <u>Fire %</u> |
|-------------------------|-----------------|---------------|
| 0 | 12.00 | 7.50 |
| 1 | 4.00 | 4.00 |
| 2-6 | 1.50 | 1.75 |
| 7-19 | 0.75 | 1.00 |
| 20+ | 0.00 | 0.00 |

The withdrawal rates are based on a study of actual experience for the plan during 2017-2020. See the experience study report dated January 2021.

Marital Status and Ages

100% of Members are assumed to be married. Female spouses assumed to be 3 years younger than male spouses.

Compensated Absence Balance Transfers

No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.

Withdrawal of Employee Contributions

It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.

COLA

COLA benefits are assumed to increase as indicated in the COLA table; these are documented in a separate COLA report. No increase to the table is assumed to occur.



Changes Since Prior Report

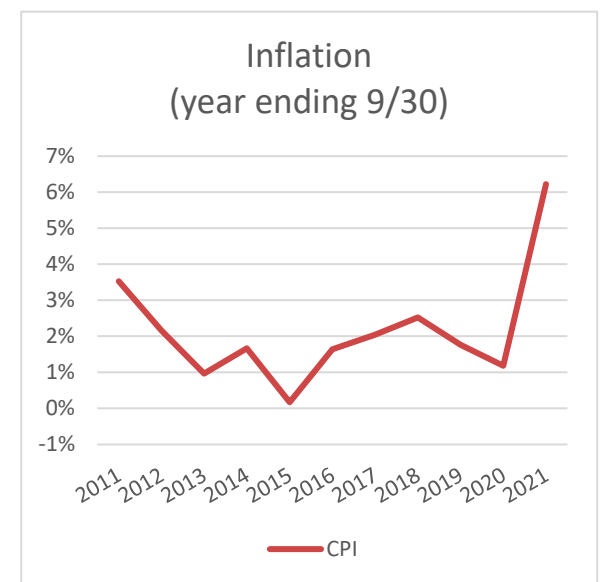
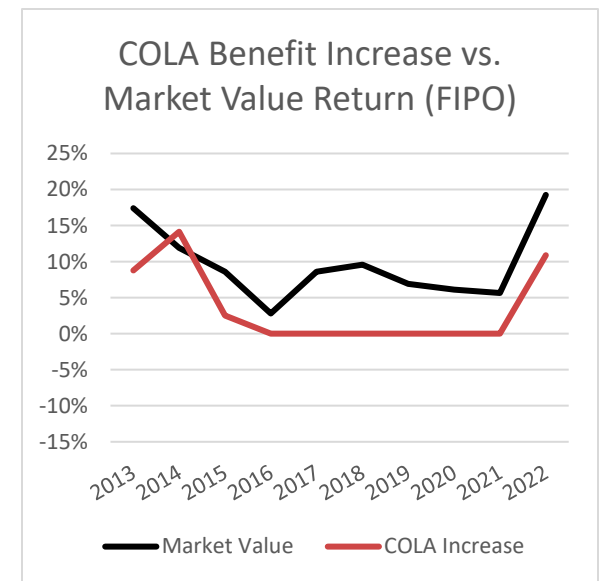
The assumption for the administrative expenses increased to \$2,356,262.

FE indicates an assumption representing an estimate of future experience.
MO indicates an assumption representing an observation of estimates inherit to market data.
CO indicates an assumption representing a combination of an estimate of future experience and observations of market data.



Summary Results

| | October 1, 2020 | October 1, 2021 |
|--------------------------------------------------------------|-----------------|-----------------------|
| COLA Table Amount | \$1,670 | \$1,852 [Proposed] |
| Asset Performance | | |
| Market Value of Assets | \$1,150,108,084 | \$1,306,437,051 |
| Actuarial Value of Assets | \$1,176,911,870 | \$1,213,074,854 |
| Actuarial Asset Value Return | 6.25% | 8.59% |
| COLA Fund Asset Value Return | 5.80% | 19.80% |
| COLA Information | | |
| Current COLA Assets | \$416,022,491 | \$477,331,528 |
| Future Contributions (discounted) | 104,516,121 | 114,013,746 |
| Assets for COLA | \$520,538,612 | \$591,345,274 |
| COLA Liability | \$418,988,989 | \$425,699,444 |
| Net Reserve | 19.5% | 28.0% |
| Target Reserve (20% of Asset Value) | \$104,107,722 | \$118,269,055 |
| Actual Reserve | \$101,549,623 | \$165,645,830 |
| COLA Information, after Increase in COLA Table Amount | | |
| Net Reserve | | 20.2% |
| Actual Reserve | | \$119,459,275 |
| Participant Information | | |
| Active | 1,931 | 1,915 |
| Retirees and Beneficiaries | 2,108 | 2,125 |
| Disableds | 115 | 111 |
| Terminated Vesteds | 26 | 28 |
| Terminated, Due a Refund | 117 | 120 |
| Total | 4,297 | 4,299 |



Changes Since Prior Valuation and Key Notes

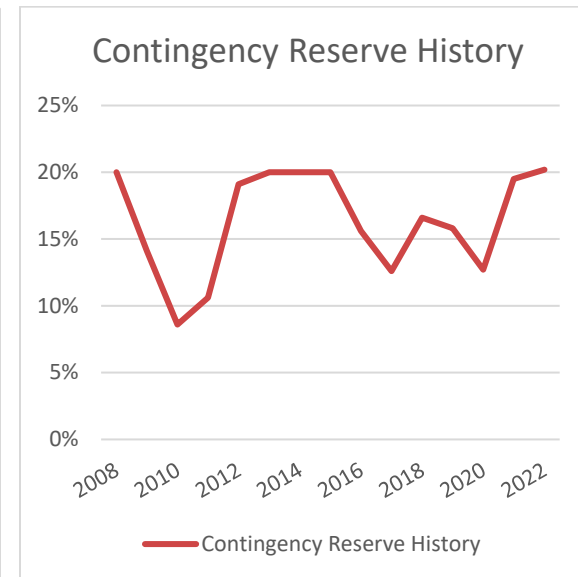
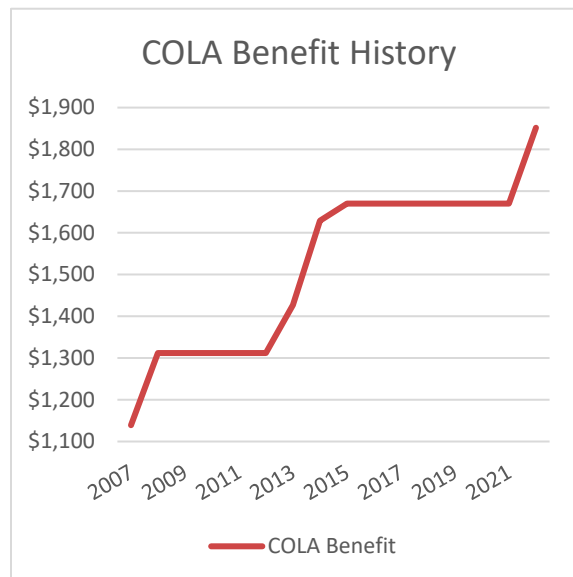
Based on a target reserve of 20%, we recommend increasing the COLA table to \$1,852 as of January 1, 2022. The contingency reserve is 20.2%, an increase from the prior year's 19.5%. A historical graph of the COLA table level and contingency reserve amount are below.

The interest rate was changed from 7.34% to 7.00% in accordance with the experience study completed January 2021. This change resulted in an increase in the COLA Liability.

The asset valuation method was changed from the 20% write-up method to the 20% phase-in method, in which the market value of assets on the valuation date are adjusted for a 5-year phase-in of gains and losses on the fair market value of assets. This change was implemented retrospectively so that the phase-in of gains and losses starts with the gain or loss from the fiscal year ending September 30, 2017. This change resulted in a decrease in the Actuarial Value of Assets.

The retirement rates for participants vested as of 9/27/2010 and who are still eligible for the Forward DROP were changed in accordance with the experience study completed January 2021. The withdrawal and disability rates were changed for all active participants in accordance with the experience study completed January 2021. The demographic assumption changes resulted in a decrease in the COLA Liability.

The plan provisions were changed to restore the FIPO pension benefits that were in effect prior to September 27, 2010, including the Forward DROP, for all bargaining unit members who were non-vested as of September 27, 2010, with a cap on benefits of \$120,000. The plan provision changes resulted in a decrease in the COLA liability.



Historical Valuation Summary

| | 10/1/2015 | 10/1/2016 | 10/1/2017 | 10/1/2018 | 10/1/2019 | 10/1/2020 | 10/1/2021 |
|--------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| COLA Table Amount | \$1,670 | \$1,670 | \$1,670 | \$1,670 | \$1,670 | \$1,670 | \$1,670 |
| Proposed COLA | \$1,670 | \$1,670 | \$1,670 | \$1,670 | \$1,670 | \$1,670 | \$1,852 |
| Asset Performance (FIPO) | | | | | | | |
| Market Value of Assets | \$1,090,944,360 | \$1,109,146,744 | \$1,131,066,046 | \$1,140,506,121 | \$1,149,117,960 | \$1,150,108,084 | \$1,306,437,051 |
| Actuarial Value of Assets | \$1,147,334,950 | \$1,150,653,520 | \$1,161,585,161 | \$1,172,416,575 | \$1,189,509,806 | \$1,176,911,870 | \$1,213,074,854 |
| Actuarial Asset Value Return | 6.20% | 6.50% | 6.76% | 6.66% | 6.48% | 6.25% | 8.59% |
| COLA Information | | | | | | | |
| Current COLA Assets | \$381,440,561 | \$392,859,018 | \$420,284,415 | \$426,176,255 | \$412,090,602 | \$416,022,491 | \$477,331,528 |
| Future Contributions (discounted) | \$84,972,329 | \$88,371,217 | \$91,906,070 | \$96,631,033 | \$100,496,275 | \$104,516,121 | \$114,013,746 |
| Assets for COLA | \$466,412,890 | \$481,230,235 | \$512,190,485 | \$522,807,288 | \$512,586,877 | \$520,538,612 | \$591,345,274 |
| COLA Liability | \$393,512,220 | \$420,490,548 | \$427,229,145 | \$440,222,258 | \$447,248,968 | \$418,988,989 | \$425,699,444 |
| Net Reserve | 15.60% | 12.60% | 16.60% | 15.80% | 12.70% | 19.50% | 28.00% |
| Target Reserve (20% of Asset Value) | \$93,282,578 | \$96,246,047 | \$102,438,097 | \$104,561,458 | \$102,517,375 | \$104,107,722 | \$118,269,055 |
| Actual Reserve | \$72,900,670 | \$60,739,687 | \$84,961,340 | \$82,585,030 | \$65,337,909 | \$101,549,623 | \$165,645,830 |
| COLA Information, after Increase in COLA Table Amount | | | | | | | |
| Net Reserve | | | | | | | 20.20% |
| Actual Reserve | | | | | | | \$119,459,275 |
| Participant Information | | | | | | | |
| Active | 1,650 | 1,869 | 1,943 | 1,998 | 2,003 | 1,931 | 1,915 |
| Retirees and Beneficiaries | 2,088 | 2,062 | 2,052 | 2,072 | 2,072 | 2,108 | 2,125 |
| Disableds | 147 | 143 | 136 | 130 | 121 | 115 | 111 |
| Terminated Vesteds | 15 | 15 | 16 | 14 | 13 | 26 | 28 |
| Terminated, Due a Refund | | | 97 | 112 | 115 | 117 | 120 |
| Total | 3,900 | 4,089 | 4,244 | 4,326 | 4,324 | 4,297 | 4,299 |



Plan Maturity Measures – October 1, 2021

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the COLA Fund of the City of Miami Fire Fighters' and Police Officers' Retirement Trust falls in its life-cycle.

Duration of Liabilities: 11.0

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 44.5%

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 13.7%

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 5.5%

As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.



Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the COLA fund of the City of Miami Fire Fighters' and Police Officers' Retirement Trust. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

| Type of Risk | Method to Assess Risk |
|-----------------------|-----------------------------------------|
| Investment Return | Scenario Testing; Asset Liability Study |
| Interest Rates | Scenario Testing; Asset Liability Study |
| Participant Longevity | Stress Testing; Scenario Testing |
| Early Retirement | Stress Testing; Scenario Testing |



Market Value Reconciliation

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

| | | September 30, 2021 | |
|-----|--------------------------------------------------------------|------------------------------------|----------------------|
| | | Membership and Benefit Accounts | COLA Account |
| 1. | Market value – beginning of prior year | \$1,150,108,084 | \$416,022,491 |
| 2. | Book value – beginning of prior year | \$1,051,736,655 | \$380,439,116 |
| 3. | Income | | |
| | (a) City contributions | \$62,773,727 | \$7,208,422 |
| | (b) Member contributions | 15,892,460 | 0 |
| | (c) Other contributions | 0 | 0 |
| | (d) Interest and dividends | 10,167,779 | 3,622,961 |
| | (e) Net realized gains (losses) | 80,473,035 | 28,693,518 |
| | (f) Securities lending income | 113,380 | 40,391 |
| | (g) Rental and other income | 144,855 | 51,642 |
| | (h) Income transfer | 0 | 0 |
| | (i) Total | <u>\$169,565,236</u> | <u>\$39,616,934</u> |
| 4. | Disbursements | | |
| | (a) Benefit payments and refunds | \$141,783,033 | \$26,463,258 |
| | (b) Custodial and investment expenses | 3,271,379 | 1,163,864 |
| | (c) Administrative expense | 2,181,634 | 0 |
| | (d) Other expense | 0 | 0 |
| | (e) Securities lending fees | 28,321 | 10,089 |
| | (f) Building depreciation | 14,955 | 5,438 |
| | (g) Total | <u>\$147,279,322</u> | <u>\$27,642,649</u> |
| 5. | Book value – beginning of current year [(2)+(3i)-(4g)] | \$1,074,022,569 | \$392,413,401 |
| 6. | Net change in unrealized gains (losses) | \$134,043,053 | \$49,334,752 |
| 7. | Unrealized gains (losses) | \$232,414,482 | \$84,918,127 |
| 8. | Market value – beginning of current year [(1)+(3i)-(4g)+(6)] | \$1,306,437,051 | \$477,331,528 |
| 9. | Current year allocation to COLA II (discounted) | \$0 | N/A |
| 10. | Net market value – beginning of current year | <u>\$1,306,437,051</u> | <u>\$477,331,528</u> |



Membership and Benefits Cost-Of-Living Adjustment Account Summary

| | | September 30, 2021 | |
|----|---------------------------------------------|---------------------------|------------------------|
| | | <u>Market</u> | <u>Book</u> |
| 1. | Investments | | |
| | (a) Bill, bonds, notes | \$386,027,452 | \$385,703,724 |
| | (b) Domestic stocks | 621,660,336 | 468,176,482 |
| | (c) International stocks | 377,889,890 | 324,317,856 |
| | (d) Private equity | 216,712,532 | 161,715,318 |
| | (e) Money market fund and time deposit | 11,307,289 | 8,743,461 |
| | (f) Mutual fund | 141,041,052 | 88,649,101 |
| | (g) Real estate | 2,054,745 | 2,054,745 |
| | (h) Securities lending adjustment | 0 | 0 |
| | (i) Total investment | <u>\$1,756,693,296</u> | <u>\$1,439,360,687</u> |
| 2. | Cash | \$32,488,824 | \$32,488,824 |
| 3. | Receivables | | |
| | (a) City contributions | \$0 | \$0 |
| | (b) Member contributions | 0 | 0 |
| | (c) Accounts receivable | 5,658 | 5,658 |
| | (d) Accrued interest and dividend | 3,806,134 | 3,806,134 |
| | (e) Securities sold | 15,688,895 | 15,688,895 |
| | (f) Total receivables | <u>\$19,500,687</u> | <u>\$19,500,687</u> |
| 4. | Payables: | | |
| | (a) Budget advance | \$0 | \$0 |
| | (b) Accrual expense | 0 | 0 |
| | (c) Transfer | 0 | 0 |
| | (d) Tax withheld | 8,870 | 8,870 |
| | (e) Accounts payable | 13,590,308 | 13,590,308 |
| | (f) Securities purchased | 11,315,050 | 11,315,050 |
| | (g) Total payables | <u>\$24,914,228</u> | <u>\$24,914,228</u> |
| 5. | Total [(1i)+(2)+(3f)-(4g)] | \$1,783,768,579 | \$1,466,435,970 |
| 6. | COLA account | \$477,331,528 | \$392,413,401 |
| 7. | Current year COLA transfer | \$0 | \$0 |
| 8. | Membership & benefits account [(5)-(6)-(7)] | \$1,306,437,051 | \$1,074,022,569 |



Investment Results - Membership and Benefits Accounts

September 30, 2021

| | <u>Dollar Return</u> | <u>Market Return</u> | <u>Book Return</u> |
|--------------------------------------------|----------------------|----------------------|--------------------|
| <u>Membership and Benefits Accounts</u> | | | |
| Interest | \$5,791,934 | 0.4% | 0.6% |
| Dividends | 4,375,845 | 0.4% | 0.4% |
| Rental and Other Income, less Depreciation | 129,900 | 0.0% | 0.0% |
| Realized Gains | 80,473,035 | 7.0% | 7.9% |
| Securities Lending (Net) | 85,059 | 0.0% | 0.0% |
| Increase in Unrealized Gains | 134,043,053 | 11.7% | 13.2% |
| Custodial and Investment Expenses | (3,271,379) | (0.2%) | (0.4%) |
| | <u>\$221,627,447</u> | <u>19.3%</u> | <u>21.7%</u> |



Investment Results - COLA I and II Accounts

September 30, 2021

COLA Accounts

| | <u>Dollar Return</u> | <u>Market Return</u> | <u>Book Return</u> |
|--------------------------------------------|----------------------|----------------------|--------------------|
| Interest | \$2,058,026 | 0.5% | 0.6% |
| Dividends | 1,564,935 | 0.4% | 0.4% |
| Rental and Other Income, less Depreciation | 46,204 | 0.0% | 0.0% |
| Realized Gains | 28,693,518 | 7.1% | 7.7% |
| Securities Lending (Net) | 30,302 | 0.0% | 0.0% |
| Increase in Unrealized Gains | 49,334,752 | 12.1% | 13.3% |
| Custodial and Investment Expenses | (1,163,864) | (0.3%) | (0.3%) |
| | <u>\$80,563,873</u> | <u>19.8%</u> | <u>21.7%</u> |



Actuarial Value of Assets

September 30, 2021

| | | |
|-----|------------------------------------------------------------------------------|-----------------|
| 1. | Expected market value of assets | |
| | (a) Market value of assets – beginning of prior year | \$1,150,108,084 |
| | (b) City Contributions | 62,773,727 |
| | (c) Member Contributions | 15,892,460 |
| | (d) Benefits payments and refunds | 143,964,667 |
| | (e) Expected return | 80,495,013 |
| | (f) Expected market value of assets – beginning of current year | \$1,165,304,617 |
| 2. | Market value of assets – beginning of current year | \$1,306,437,051 |
| 3. | Present value of COLA transfers | |
| | (a) Current year | \$0 |
| | (b) Next year | 0 |
| | (c) Total | \$0 |
| 4. | Market value net COLA transfer [(2)-(3)] | \$1,306,437,051 |
| 5. | Amount subject to phase in [(4)-(1f)] | \$141,132,434 |
| 6. | Phase in of asset gain loss | |
| | (a) Current Year [80% x \$141,132,434] | \$112,905,947 |
| | (b) First Prior Year [60% x (\$19,371,884)] | (11,623,130) |
| | (c) Second Prior Year [40% x (\$16,237,126)] | (6,494,850) |
| | (d) Third Prior Year [20% x (\$7,128,850)] | (1,425,770) |
| | (e) Total Phase-In | \$93,362,197 |
| 7. | Preliminary actuarial value of assets – beginning of current year [(2)-(6e)] | \$1,213,074,854 |
| 8. | 80% of Market value of assets | \$1,045,149,641 |
| 9. | 120% of Market value of assets | \$1,567,724,461 |
| 10. | Adjusted actuarial value of assets | \$1,213,074,854 |



Development of Actuarial Asset Value for COLA Transfer

| | | September 30, 2021 | | |
|-----|------------------------------------------------------------|---------------------------|------------------|------------------|
| | | <u>9/30/2019</u> | <u>9/30/2020</u> | <u>9/30/2021</u> |
| 1. | Book Value | \$965,414,471 | \$1,051,736,655 | \$1,074,022,569 |
| 2. | Market Value | \$1,149,117,960 | \$1,150,108,084 | \$1,306,437,051 |
| 3. | [(2)/(1)] | 1.1902846 | 1.0935324 | 1.2163963 |
| 4. | 3 year average of book to market value | | | 1.1667378 |
| 5. | Adjusted market value [(1)x(4)] | | | \$1,253,102,729 |
| 6. | Contribution surplus | | | \$0 |
| 7. | 80% of Adjusted market value, net of contribution surplus | | | \$1,045,149,641 |
| 8. | 120% of Adjusted market value, net of contribution surplus | | | \$1,567,724,461 |
| 9. | Adjusted actuarial value of assets | | | \$1,253,102,729 |
| 10. | Present value of next year COLA transfer | | | \$0 |
| 11. | Final actuarial asset value [(9)+(10)] | | | \$1,253,102,729 |



Rate of return on COLA Transfer Actuarial Asset Value

| | September 30, 2021 |
|-------------------------------------------------------|---------------------------|
| 1. Actuarial asset value – beginning of prior year | \$1,206,642,109 |
| 2. Contributions | |
| (a) City contributions | \$62,773,727 |
| (b) Member contributions | 15,892,460 |
| (c) Total | \$78,666,187 |
| 3. Benefits and refunds | \$141,783,033 |
| 4. Present value of COLA transfer | \$0 |
| 5. Contribution surplus | \$0 |
| 6. Actuarial asset value – beginning of current year | \$1,253,102,729 |
| 7. Net return on investment [(6)+(5)-(4)+(3)-(2)-(1)] | \$109,577,466 |
| 8. Rate of return | 9.08% |



Excess Investment Return

September 30, 2021

| | | | |
|----|-----------------------------------------------------------------------------------|--|-----------------|
| 1. | Expected return on actuarial asset value | | |
| | (a) Actuarial asset value as of beginning of prior year | | \$1,206,642,109 |
| | (b) City Contributions | | \$62,773,727 |
| | (c) Member Contributions | | \$15,892,460 |
| | (d) Benefits paid and refunds | | \$141,783,033 |
| | (e) Expected return at 7.00% ¹ | | \$84,527,460 |
| | (f) Base amount for expected return [(e)/7.00%] | | \$1,207,535,143 |
| 2. | Actual return on actuarial asset value | | \$109,577,466 |
| 3. | Excess return on assets [(2)-(1e)] | | \$25,050,006 |
| 4. | Amount to be transferred to COLA fund (limited to cumulative experience position) | | |
| | (a) Excess return | | |
| | (i) First 2.5% | | \$25,050,006 |
| | (ii) Next 2.5% | | 0 |
| | (iii) Next 2.5% | | 0 |
| | (iv) Total | | \$25,050,006 |
| | (b) Potential COLA Transfer | | |
| | (i) 75% of (4a)(i) | | \$18,787,505 |
| | (ii) 50% of (4a)(ii) | | 0 |
| | (iii) 25% of (4a)(iii) | | 0 |
| | (iv) Total | | \$18,787,505 |
| | (c) Cumulative Experience Gain (Loss): | | (\$374,514,775) |
| | (d) Transfer of Excess Investment Income ² : | | \$0 |

¹Assumes mid-year member contributions and benefits and beginning of year City contributions.

²Excess returns can only be transferred if the Plan is in a Net Positive Experience Position. Due to the Cumulative Experience Loss, the amount of assets transferred to the COLA fund is limited to \$0.



GASB 5 – COLA Fund

Funding Status and Progress as of September 30, 2021 and 2020

| | 2020 | 2021 |
|-------------------------------------------------------------------------------------------|---------|---------|
| 1. COLA Fund Table | \$1,670 | \$1,852 |
| 2. Pension benefit obligation (in millions) | | |
| a. Retirees and beneficiaries receiving benefits and terminated members not yet receiving | 344.9 | \$357.6 |
| b. Current Employees | | |
| Accumulated employee contributions including interest | 0 | 0 |
| Employer-financed vested | 0 | 0 |
| Employer-financed nonvested | 74.1 | \$68.1 |
| c. Total pension benefit obligation (a+b+c) | \$419.0 | \$425.7 |
| 3. Net assets available for benefits | \$416.0 | \$477.3 |
| 4. Unfunded pension benefit (obligation)/asset [(3)-(2)] | (\$3.0) | \$51.6 |

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2022 and January 1, 2021, based on data and asset information at September 30, 2021 and September 30, 2020. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.00% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2022 and January 1, 2021. All plan provisions and other assumptions not listed above can be found in the January 1, 2022 COLA Fund Report.



GASB 5 – COLA Fund

Contributions required and contributions made

The funding policy provides for annual employer contributions from January 1, 1994. The amount of the contribution was \$2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.00 percent assumption

Analysis of funding progress

| Fiscal Year | (1) Net Assets Available for Benefits ⁽¹⁾ | (2) Pension Benefit Obligation ⁽²⁾ | (3) Percent Funded | (4) Unfunded PBO (2)-(1) | (5) Annual Covered Payroll | (4)/(5) |
|-------------|---------------------------------------------------------------|-----------------------------------------------------|-----------------------|--------------------------------|----------------------------------|---------|
| | (\$) | (\$) | (%) | (\$) | (\$) | (%) |
| 2012 | 350.3 | 312.6 | 112 | (37.7) | 82.2 | (46) |
| 2013 | 378.7 | 320.0 | 118 | (58.7) | 85.2 | (69) |
| 2014 | 394.6 | 371.0 | 106 | (23.6) | 93.7 | (25) |
| 2015 | 381.4 | 393.5 | 97 | 12.1 | 106.3 | 11 |
| 2016 | 392.9 | 420.5 | 93 | 27.6 | 133.1 | 21 |
| 2017 | 420.3 | 427.2 | 98 | 6.9 | 141.5 | 5 |
| 2018 | 426.2 | 440.2 | 97 | 14.0 | 148.9 | 9 |
| 2019 | 412.1 | 447.2 | 92 | 35.1 | 168.1 | 21 |
| 2020 | 416.0 | 419.0 | 99 | 3.0 | 176.7 | 2 |
| 2021 | 477.3 | 425.7 | 112 | (51.6) | 178.5 | (29) |

⁽¹⁾ Excluding future City minimum contributions

⁽²⁾ Excluding new increment and contingency reserves



GASB 5 – COLA Fund

Revenues and Expenses

| Fiscal Year | Revenues by Source | | | |
|-------------|------------------------|------------------------|-------------------|------------|
| | Employee Contributions | Employer Contributions | Investment Income | Total |
| | (\$) | (\$) | (\$) | (\$) |
| 2012 | 0 | 5,064,541 | 21,399,142 | 26,463,683 |
| 2013 | 0 | 5,267,123 | 27,293,996 | 32,561,119 |
| 2014 | 0 | 5,477,808 | 30,812,622 | 36,290,430 |
| 2015 | 0 | 5,696,920 | 26,665,405 | 32,362,325 |
| 2016 | 0 | 5,924,797 | 13,261,430 | 19,186,227 |
| 2017 | 0 | 6,161,789 | 26,980,778 | 33,142,567 |
| 2018 | 0 | 6,408,261 | 19,212,430 | 25,620,691 |
| 2019 | 0 | 6,664,591 | 16,086,759 | 22,751,350 |
| 2020 | 0 | 6,931,175 | 55,298,341 | 62,229,516 |
| 2021 | 0 | 7,208,422 | 32,408,512 | 39,616,934 |

Expenses by Type

| Fiscal Year | Expenses by Type | | | Total |
|-------------|------------------|-------------------------|---------|------------|
| | Benefits | Administrative Expenses | Refunds | |
| | (\$) | (\$) | (\$) | |
| 2012 | 17,747,481 | 1,456,098 | 421 | 19,204,000 |
| 2013 | 19,522,271 | 1,604,698 | 0 | 21,126,969 |
| 2014 | 22,188,409 | 1,483,762 | 0 | 23,672,171 |
| 2015 | 23,563,734 | 1,190,614 | 0 | 24,754,348 |
| 2016 | 24,344,325 | 1,286,086 | 0 | 25,630,411 |
| 2017 | 24,882,453 | 1,202,695 | 0 | 26,085,148 |
| 2018 | 25,279,985 | 1,758,350 | 0 | 27,038,335 |
| 2019 | 25,622,524 | 1,477,166 | 0 | 27,099,690 |
| 2020 | 26,230,313 | 1,771,916 | 0 | 28,002,229 |
| 2021 | 26,463,258 | 1,179,391 | 0 | 27,642,649 |





Statistical Section

Membership and Benefits Cost-Of-Living Adjustment Account Summary

| | September 30, 2022 | |
|------------------------------------------------|---------------------------|------------------------|
| | Market | Book |
| 1. Investments | | |
| (a) Bill, bonds, notes | \$319,995,418 | \$383,805,453 |
| (b) Domestic stocks | 493,859,024 | 455,167,846 |
| (c) International stocks | 290,974,831 | 344,669,734 |
| (d) Private equity | 195,829,173 | 133,748,338 |
| (e) Money market fund and time deposit | 13,228,435 | 13,228,435 |
| (f) Mutual fund | 162,368,013 | 89,952,122 |
| (g) Real estate | 2,032,401 | 2,032,401 |
| (h) Securities lending adjustment | 0 | 0 |
| (i) Total investment | <u>\$1,478,287,295</u> | <u>\$1,422,604,329</u> |
| 2. Cash | \$154,818 | \$154,818 |
| 3. Receivables | | |
| (a) City contributions | \$0 | \$0 |
| (b) Member contributions | 0 | 0 |
| (c) Accounts receivable | 5,952 | 5,952 |
| (d) Accrued interest and dividend | 1,495,509 | 1,495,509 |
| (e) Securities sold | 2,236,905 | 2,236,905 |
| (f) Total receivables | <u>\$3,738,366</u> | <u>\$3,738,366</u> |
| 4. Payables: | | |
| (a) Budget advance | \$0 | \$0 |
| (b) Accrual expense | 463 | 463 |
| (c) Transfer | 0 | 0 |
| (d) Tax withheld | 0 | 0 |
| (e) Accounts payable | 325,383 | 325,383 |
| (f) Securities purchased | 4,713,160 | 4,713,160 |
| (g) Total payables | <u>\$5,039,006</u> | <u>\$5,039,006</u> |
| 5. Total [(1i)+(2)+(3f)-(4g)] | \$1,477,141,473 | \$1,421,458,507 |
| 6. COLA account | \$396,278,670 | \$381,340,378 |
| 7. Membership & benefits account [(5)-(6)-(7)] | \$1,080,862,803 | \$1,040,118,129 |



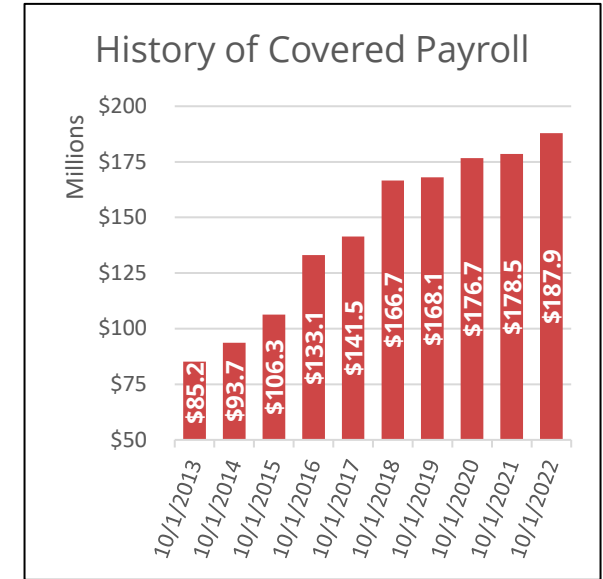
Demographic Information

The foundation of a reliable actuarial report is the member information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

| | October 1, 2021 | October 1, 2022 |
|------------------------------------------------------------|------------------------|------------------------|
| Member Counts | | |
| Active Members | 1,915 | 1,926 |
| Retired Members | 1,673 | 1,665 |
| Beneficiaries | 251 | 259 |
| Disabled Members | 112 | 109 |
| Terminated Vested Members, due a Monthly Benefit | 31 | 18 |
| Terminated Members, Due a Refund of Employee Contributions | 117 | 115 |
| DROP Members | 187 | 203 |
| Total | 4,286 | 4,295 |

Active Participant Demographics

| | | |
|----------------------|---------------|---------------|
| Average Age | 37.6 | 38.0 |
| Average Service | 10.6 | 11.0 |
| Average Compensation | \$93,228 | \$97,549 |
| Valuation Payroll | \$178,532,455 | \$187,880,152 |
| Total Payroll | \$194,706,662 | \$206,962,544 |



Demographic Information (continued)

| | October 1, 2021 | October 1, 2022 |
|------------------------------------------------------------------|-----------------|-----------------|
| Retired Member Statistics | | |
| Average Age | 66.9 | 67.4 |
| Average Monthly Benefit | \$5,731 | \$5,785 |
| Beneficiary Statistics | | |
| Average Age | 77.1 | 77.5 |
| Average Monthly Benefit | \$1,353 | \$1,373 |
| Disabled Member Statistics | | |
| Average Age | 72.7 | 73.0 |
| Average Monthly Benefit | \$2,211 | \$2,289 |
| Terminated Member Statistics | | |
| Average Age | 39.5 | 40.0 |
| Average Monthly Benefit for Participants due Monthly Benefit | \$2,578 | \$3,215 |
| Average Remaining Contributions for Participants Due a Refund | \$7,999 | \$9,707 |
| DROP Member Statistics | | |
| Average Age | 51.7 | 52.4 |
| Average Monthly Benefit | \$8,791 | \$8,843 |
| Payroll | \$16,174,207 | \$19,082,392 |



Participant Reconciliation

| | Active | Terminated Vested | Disabled | Retired | Beneficiaries | Totals |
|--------------------------|--------|----------------------|----------|---------|---------------|--------|
| Prior Year | 1,915 | 148 | 112 | 1,860 | 251 | 4,286 |
| Active | | | | | | |
| To Terminated Vested | | | | | | |
| To Retired | (39) | | | 39 | | |
| To Disabled | (1) | | 1 | | | |
| To Refund | (23) | | | | | (23) |
| To Due Refund | (6) | 6 | | | | |
| To Death | (3) | | | | | (3) |
| Terminated Vested | | | | | | |
| To Retired | | (4) | | 4 | | |
| To Refund | | (15) | | | | (15) |
| To Active | 2 | (2) | | | | |
| Disabled | | | | | | |
| To Death | | | (4) | | | (4) |
| Retired | | | | | | |
| To Death | | | | (34) | | (34) |
| Survivor | | | | | | |
| To Death | | | | | (5) | (5) |
| Additions | 81 | | | | 13 | 94 |
| Removed | | | | (1) | | (1) |
| Current Year | 1,926 | 133 | 109 | 1,868 | 259 | 4,295 |



Active Participant Schedule

Active participant information grouped based on age and service.

| Age Group | Years of Service | | | | | | | | | | Total | Average Pay |
|--------------|------------------|------------|------------|------------|------------|------------|-----------|----------|----------|----------|--------------|-----------------|
| | Under 1 | 1 to 4 | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 & Up | | |
| Under 25 | 27 | 30 | 3 | | | | | | | | 60 | \$44,967 |
| 25 to 29 | 29 | 90 | 128 | 1 | | | | | | | 248 | 72,322 |
| 30 to 34 | 12 | 61 | 346 | 25 | 3 | | | | | | 447 | 85,997 |
| 35 to 39 | 3 | 28 | 222 | 143 | 81 | 2 | | | | | 479 | 100,970 |
| 40 to 44 | 3 | 12 | 65 | 78 | 114 | 31 | 1 | | | | 304 | 111,749 |
| 45 to 49 | | 2 | 23 | 43 | 52 | 84 | 12 | | | | 216 | 119,647 |
| 50 to 54 | 1 | | 6 | 15 | 38 | 47 | 14 | 5 | | | 126 | 121,655 |
| 55 to 59 | | | 2 | 11 | 6 | 9 | 7 | 3 | | | 38 | 117,246 |
| 60 to 64 | | | 2 | | 3 | 1 | | 1 | | | 7 | 104,051 |
| 65 to 69 | | | | | | 1 | | | | | 1 | 113,571 |
| 70 & up | | | | | | | | | | | 0 | 0 |
| Total | 75 | 223 | 797 | 316 | 297 | 175 | 34 | 9 | 0 | 0 | 1,926 | \$97,549 |





Plan Provisions Section

**OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF
THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST**

ORIGINAL ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre-tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre-tax earnable compensation or a percent equal to the City's contribution, whichever is less. Effective the first full pay period following October 1, 2008, for fire fighter members it will change from 7% to 8% of pre-tax earnable compensation. Effective the first full pay period following October 1, 2009, for fire fighter members it will change from 8% to 9% of pre-tax earnable compensation. Effective the first full pay period following October 1, 2010, for fire fighter members it will change from 9% to 10% of pre-tax earnable compensation. Effective the first full pay period following October 1, 2011, for police officer members who were hired prior to October 1, 2011, it will change from 7% to 10% of pre-tax earnable compensation. For police officer members who were hired on or after October 1, 2011 it will be 13% of pre-tax earnable compensation. Effective the full pay period following October 1, 2012, for police officer members who were hired prior to October 1, 2012, it will change from 10% to 7% of pre-tax earnable compensation. For police officer members who were hired on or after October 1, 2012, it will be 10% of pre-tax earnable compensation.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.



NORMAL RETIREMENT AGE:

Age 50 for fire fighter members and Age 49 for police officer members.

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average one-year compensation per year of creditable service after 15 years.

RULE OF 64 RULE OF 68 RETIREMENT RULE OF 70 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. A fire fighter member, in service, who has not withdrawn from active membership in the retirement system and had not attained his/her 64 points as of October 1, 2009, may elect service retirement on the basis of his or her combined age and creditable service equaling 68 or more. As of October 1, 2010, a member in service who has not withdrawn from active membership in the retirement system may also elect service retirement on the basis of his or her combined age and creditable service equaling 70 or more.

Election to retire under Rule of 64, Rule of 68 or Rule of 70 shall be made by written application to the board. Application shall be executed not less than 10 nor more than 90 days subsequent to the date the member desires to be retired.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted for age.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64, Rule of 68, Rule of 70 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. A police officer member can be in the DROP for a maximum of 7 years (84 months). A fire fighter member can be in the DROP for a maximum of 4 ½ years (54 months). Employees who had not attained normal retirement eligibility as of 1/1/2013 or were not vested as of 10/01/2010, and all employees hired on or after 1/1/2013 will not be eligible for the DROP.

BACK DEFERRED RETIREMENT OPTION PROGRAM:

Employees who had not attained normal retirement eligibility as of 1/1/2013 or were not vested as of 10/01/2010, and all employees hired on or after 1/1/2013, will be eligible for the backdrop option. Members who elect the backdrop shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if he/she had left city employment and retired on an earlier date. An eligible employee who elects the backdrop option will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments he/she would have received during the period plus interest at the rate of 3% per year, compounded



BACK DEFERRED RETIREMENT OPTION PROGRAM: (continued)

annually. An eligible employee may elect a minimum backdrop period of one year and a maximum backdrop period of up to seven years.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under Service Retirement Rule of 64 Retirement or Rule of 68 Retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage. Monthly retirement allowance for members not eligible for Rule of 64 or Rule of 68 Retirement as of October 1, 2010, shall not exceed \$100,000.00 per year.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with a 1 year certain. Option 6D is the base pension with a 10 year certain.

DISABILITY RETIREMENTS:

A. Ordinary Disability

After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability

Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of $66 \frac{2}{3}\%$ of average or final compensation, whichever is larger.



DEATH BENEFIT:

A. Ordinary Death Benefit

After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment of 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit

Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also, a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty-five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.



C.O.L.A. ACCOUNT: (continued)

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgment.



ORDINANCES ADOPTED DURING FISCAL YEAR 2021/2022

| <u>DATE</u> | <u>ORDINANCE NUMBER</u> |
|-------------|-------------------------|
| 05/12/2022 | 11334 |

