



# *Miami Beach Firefighters Relief & Pension Fund*

c/o Resource Centers, Plan Administrator ♦ [MiamiBeach@ResourceCenters.com](mailto:MiamiBeach@ResourceCenters.com) ♦ [www.ResourceCenters.com](http://www.ResourceCenters.com)

## MINUTES OF THE MEETING HELD

May 15, 2024

### 1. CALL TO ORDER

Digna Abello called a meeting of the Board to order at 8:41 AM in the conference room, 3<sup>rd</sup> floor, of the Miami Beach City Hall. The Board had a quorum for the quarterly meeting. Those persons present included:

#### TRUSTEES

Digna Abello, Chair (Electronically)  
Adam Barrett, Secretary  
Marla Alpizar  
Vyomie Green  
Chief Virgilio Fernandez (9:10 AM)

#### OTHERS

Scott Baur & Sarah Vandergon, Resource Centers  
Adrian Sancho & Robert Maddock, Corient  
Brendon Vavrica, Mariner Institutional  
**Electronically:**  
Adam Levinson, Klausner Kaufman Jensen & Levinson  
Mindy Johnson, Fiduciary Trust  
Tim Nash, Intercontinental Real Estate

### 2. TRUSTEES JOINING ELECTRONICALLY

No Trustees joined the meeting electronically.

### 3. APPROVAL OF MINUTES

The trustees reviewed the minutes from the February 14, 2024 meeting.

Vyomie Green made a motion to approve the minutes for the February 14, 2024, quarterly meeting. Adam Barrett seconded the motion, approved by the Trustees 3-0. Marla Alpizar briefly had to step out of the meeting for the City Commission.

### 4. REPORTS

#### Attorney Report (Adam Levinson, Klausner Kaufman Levinson & Jensen)

Mr. Levinson reminded the Trustees to complete the Annual Form 1 Filing electronically if they had not done so. Scott Baur explained an additional form that allows public safety members to request certain information be maintained confidential to the extent permitted by Florida public records laws. Mr. Levinson noted that the online filing only allows Trustees to use only the dollar method to report assets. Mr. Levinson will send a slide presentation that reviews the filing process following the meeting. Trustees must list individual assets that exceed \$10,000 in value.

Mr. Levinson also stated that the IRS changed reporting requirements for taxable and non-taxable amounts of a disability pension.

#### Custodian (Mindy Johnson, Fiduciary Trust)

Ms. Johnson introduced herself as the new Relationship Manager for Fiduciary Trust. Mr. Baur briefly mentioned the circumstances related to the departure of the prior relationship manager for Fiduciary Trust.

Chief Fernandez joined the meeting and reported that he expects to retire this year.

Vyomie Green introduced herself to Ms. Johnson, since the Finance Department at the City of Miami Beach has much additional interaction with Fiduciary Trust.

#### **Investment Manager Report (Adrian Sancho & Robert Maddock, Corient)**

Mr. Maddock reviewed the recent growth in assets, which radically increased from \$23 Million to \$31 Million due to market gains. The Resource Centers will reconcile all accounts and provide interim financial statements to the Board. Mr. Maddock reported the total portfolio gained 8.3% for the quarter ending March 31, 2024, and for the current quarter to date the equities gained another 5.6% compared to the S&P 500 benchmark which remains flat for the quarter. Fixed Income portfolio, meanwhile, lost 29 bp so far for the current quarter, still ahead of the benchmark.

Mr. Maddock further reviewed the current yield curve and the management of fixed income assets by Corient. The yield curve remains inverted. The Federal Reserve Board has now kept interest rates higher for longer to bring inflation in check. Corient added more treasury securities to the portfolio, since the yield spreads on corporate bonds do not appear attractive.

Mr. Sancho reported that the economy remains healthy, and companies are showing strong results. The “Magnificent 7” companies accounted for the majority of index returns until recently. Mr. Sancho reviewed average historical market corrections intra-year, and he stated that markets typically have a 14% correction on average each year while long-term returns remain positive overall. He reviewed the largest companies by market capitalization, noting how the list of such companies has changed over time.

Corient does not consider investments in crypto currencies. Nvidia does benefit from crypto mining by making the processors. While many large companies have invested in AI, generative AI has not yet increased productivity or produced profits for most companies.

#### **Investment Manager Report (Tim Nash, Intercontinental)**

Mr. Nash stated that Intercontinental invests in core and core plus properties with diversified property types across the country, including office, retail, industrial, and housing. The manager expects some normalization of property markets by 2025. The strategy currently has \$12.7B in total assets, with \$8.8B in net assets and 28.1% leverage in the portfolio.

Intercontinental currently overweights 42% of assets to multifamily holdings, compared to 29% for the benchmark. Properties in the portfolio are 91% leased, down only slightly from 92% prior to the start of the Covid pandemic. Intercontinental leased an additional 30,000 square feet of office space in one property despite the difficult market for office holdings. Mr. Nash discussed remote work trends and job classifications that do not allow employees to work remotely.

Intercontinental has \$1.4 Billion in current development projects. The manager uses leverage carefully. 34% of properties have no debt and 58 % of properties with leverage have fixed debt at a 3.7% average interest rate. Mr. Nash reviewed debt maturities, noting that the manager may choose to pay off debt rather than refinance properties as debt matures. The strategy has \$145 million in committed capital, but Intercontinental does not expect to all capital again until late in 2024; meanwhile, the portfolio has a \$1.1 Billion redemption queue. Mr. Nash believes that properties currently trade at about a 25% discount to their expected market value.

#### **Investment Consultant (Brandon Vavrica, Mariner Institutional)**

Mr. Vavrica discussed the current allocation to real estate. The Board previously consented to the assignment of the AndCo agreement to Mariner. Mr. Vavrica reported that assets have increased to \$31,003,437 as of March 31, 2024. Mr. Vavrica reported strong results for the March 31 quarter with a gain of 7.57%, compared to a return of 5.33% for the benchmark. The portfolio returned 16.4% for the fiscal year to date and 21.34% for the trailing 12 months. The 5-year average annual gain of 10.88% gain ranks in the top 1% of the public plan universe.

Mr. Vavrica reviewed the asset allocation. The current asset allocation has a 6.89% expected return. He also reviewed alternative allocations that include dedicated international allocations and an allocation to small and mid-size companies. Mr. Vavrica then reviewed possible managers for a mid-cap allocation, and he further discussed the diversification of the assets and the risk and return expectations for a dedicated international allocation. The board considered the additional managers. Mr. Vavrica noted that many plans begin diversifying assets by adding a dedicated manager for large-cap international equities.

Mr. Vavrica then reviewed small and mid-cap strategies. He highlighted differences between portfolios managed by different firms. He also reviewed the historical long-term performance for the options presented. Finally, he reviewed up and down capture ratios for each manager. The Board considered a dedicated allocation to international equities as a starting point. Mr. Vavrica recommended the Board begin with an allocation to the DFA and Vanguard portfolios. He will bring updates to the Investment Policy for the next meeting. The administrator will provide the instructions to Fiduciary Trust to open a new Mutual Fund account, transferring \$2.5 million from Corient equities.

**Adam Barrett made a motion to allocate 7.5% of Pension Fund assets from Inverness Equities to a new Mutual Fund account, with 4% of assets to DFA International and 3.5% of assets to Eaton Vance. The motion received a second from Marla Alpizar, approved by the Trustees 4-0.**

#### **Administrator Report (Scott Baur & Sarah Vandergon, Resource Centers)**

Mr. Baur reviewed various updates related to the transition in plan administration from Andrew McGarrell. He first addressed the Trustee election now in progress for Digna Abello. The term for Digna Abello expires on June 30. Should a ballot be required in the election, the administrator will mail a physical ballot to members eligible to vote. Mr. Baur offered that his firm can allow for electronic or online ballots in future elections, which also provide a documented paper trail to accompany the final vote tally.

The Board further discussed the March 31 member account statements, still pending from Pension Investors. The Board also discussed the expected Chapter 175 premium tax receipts from Florida and the allocation process. The Trustees advised that the Board would prefer to receive the premium tax distribution check directly. The Trustees noted that updates may also be needed to the current Summary Plan Description for members.

Mr. Baur reviewed the Pension Fund website and resources already available to members. Many members recently exited the Department, including one vested deferred member. Members frequently have questions about the allocation of premium tax receipts and the process to take distributions from accounts.

Mr. Baur presented a draft for the Fiscal Year 2023 administrative expense report and FY25 administrative expense budget. Mr. Baur stated that the Board needed to update signature authorizations on file.

Adam Barrett made a motion to update the signature authorizations for the custodian, investment managers, and credit union. The motion received a second from Marla Alpizar, approved by the Trustees 4-0.

Two trustees, Marla Alpizar and Vyomie Green, stated that they planned to attend the 2024 Fall FPPTA Trustee School in September. Virgilio Fernandez reported that he planned to go to the May annual NCPERS Conference.

Adam Barrett made a motion to approve the trustees to attend the upcoming conferences. The motion received a second from Marla Alpizar, approved by the Trustees 4-0.

## **5. BENEFITS**

Mr. Baur noted that members had pending distributions from Andrew McGarrell.

## **6. PLAN FINANCIALS**

The Board received and reviewed the interim financial statement through March 31 provided by Andrew McGarrell. The Board reviewed the Warrant dated May 15, 2024 for payment of plan expenses. The Board deferred approval of the Warrant until the next meeting. Vyomie Green mentioned that she would like to receive reconciliations for the local account at the Miami Firefighters Credit Union.

## **7. OTHER BUSINESS**

The Board confirmed the meeting date for November 19 at 1:30 PM, a different date and time from the regular schedule.

## **8. PUBLIC COMMENT**

No members of the public had any comment.

## **9. NEXT MEETING**

The Board previously addressed the next meeting date.

## **10. ADJOURNMENT**

There being no further business, the Chair adjourned the meeting at 11:56 AM.

Respectfully submitted,

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Adam Barrett, Secretary