

**City of Miami Springs Police and Firefighters'  
Retirement System  
Minutes of the Meeting Held  
May 6, 2021**

The hybrid meeting of the Board of Trustees of the City of Miami Springs Police and Firefighters' Retirement System was called to order at 8:30 AM by Chairman Pete Baan.

**TRUSTEES PRESENT**

Pete Baan, Chairman  
Claire Gurney, Secretary  
Jorge Capote, Trustee

Gene Duffy, Trustee  
Rob Gordon, Trustee

**OTHERS PRESENT**

Amanda Kish, Pension Resource Centers  
Adam Levinson, Klausner, Kaufman, Jensen & Levinson

Steve Stack, Highland Capital  
Nicolas Lahaye, GRS,  
Richelle Cook, American Realty  
Karen Russo and Mark Rhein, Salem Trust  
Brendon Vavrica, AndCo Consulting,

**PUBLIC COMMENTS**

N/A

**INVESTMENT MANAGER REPORT: AMERICAN REALTY (Richelle Cook)**

Mrs. Cook introduced herself to the Board and thanked them for allowing her to present. Mrs. Cook provide a brief overview of the firm American Realty and the everyday workings. The firm is 100% employee-owned private firm. American Realty holds 10.1 billion in assets. Mrs. Cook reviewed the total performance dating back 5 years. Mrs. Cook addressed the current pandemic and how it will affect real estate. The portfolio is currently overweighted to grocery anchored retail properties and avoidance of malls and other discretionary retail formats. The lease options are at a 90% occupancy rate with rents at 80%. She continued to review the report.

**PRESENTATION OF THE 9/30/2020 ACTUARIAL VALUATION REPORT: GRS (Nicolas Lahaye)**

Mr. Lahaye presented the Board with the 9/30/2020 Actuarial Valuation Report which sets the contribution requirement for the Fiscal Year End 9/30/2022. The required employee contribution rate 9.5% and the remaining contribution will be funded by 185 funds. Mr. Lahaye reviewed the actuarial assumptions changes to the mortality tables. The assumption change decreased the employer contribution by \$85,432.00. The required employer contributions slightly decrease to \$435,789.00 for the fiscal year 2021. There was net actuarial gain of \$601,997.00 which means the plan had been more favorable experience than assumed. The gain was primarily due to recognized investment return. The Plan had less mortality than expected which offset the gain to the plan. The actuarial gain reduced the required employer contribution by 1.89%. The Plan's funded ratio this year from 99.3% compared to last year's funding ratio of 94.1% Mr. Lahaye stated that the future contribution rate for the city decreased from 17.32% to 12.08%. Mr. Lahaye reviewed the cap that it increased from 70% to 75% affective for member October 1 2021. He continued to reviewed the benefit changes that are reflective in the ordinance change. Mr. Levinson addressed an issue with the ordinance and the minimum multiplier of 2.0%. The

minimum multiplier as per state statute is 2.75%. The attorney stated that this issue should only effect 6 or 7 people in the plan. This should be addressed when the ordinance is presented to the commission. The employee contribution rate would only increase to 9.4%. A discussion continued to regarding the multiplier. The attorney informed the Board that the multiplier can be changed at second regarding or be amended.

Mr. Lahaye stated that the plan is healthy and is close to being fully funded.

**MOTION: Mr. Capote made a motion approve the Annual Valuation**

**SECOND: Ms. Gurney seconded the motion.**

**CARRIED: The motion carried 4-0.**

Mr. Vavrica declared the expected rate or return as 7.00% for the long-term and thereafter.

**MOTION: Mr. Gordon made a motion approve the declared rate of return of 7.00%**

**SECOND: Ms. Gurney seconded the motion.**

**CARRIED: The motion carried**

**CUSTODIAL REPORT: SALEM TRUST (Karen Russo and Mark Rhein)**

Mrs. Russo addressed the Board regarding a transition misallocated. She stated that a letter was recently sent to the Chairman addressing a post transition reconciliation by the company's service provider discovered an indecent error. The isolated event from a non-recurring manual process resulted in principal payment of \$28,358.58 and the interest of \$420.58 being applied to the account. This occurred due to a temporary manual process to support the transition buying. Mr. Rhein explained the systems are in place to catch errors. The plan attorney addressed the principal payment, and the interest payment was made whole. Brendon Vavrica informed the Board that the interest was paid, but it was not paid until a year later. The Board held a discussion regarding the interest post and if the interest was applied when the transaction occurred how much is the difference. The investment consultant informed the Board of the difference if the interest was paid in March when the transaction occurred. The return was 7.5% on portfolio that the rest of the portfolio earned. The net difference \$1560.63 had the interest been paid on the day it was supposed to. Mr. Rhein stated that Salem Trust has no issues paying within the portfolio strategy within the fixed income portfolio. The plan attorney suggested having the funds used to reduce the custodial fees or sent in a check.

**INVESTMENT MANAGER REPORT: HIGHLAND CAPITAL (Steve Stack)**

Mr. Stack informed the Board of the uncertainties of the Market. He reviewed the global market environment and economic returns. The portfolio is overweighted to finance. He reviewed the fund's performance as of March 31, 2021. He stated that value outperformed growth. The quarter for March 31, 2021, return was 3.89% and the fiscal year return 10.57%. The total fund returns \$12,418,574.

**INVESTMENT CONSULTANT REPORT: AndCo (BRENDON VAVRICA)**

Mr. Vavrica provided an economic overview. The 1<sup>st</sup> quarter was broadly positive for US Markets. The during the 1<sup>st</sup> quarter was contributed to the American Rescue Act. The

Portfolios has mostly positive returns. Mr. Vavrica reviewed the asset allocation for March 31, 2021, which was \$39,764,008.0 The fund is overweighted to domestic equities He stated that the total fund for the quarter was 3.31% and the plan placed in the (39th) percentile. The fiscal year to date return was 12.82% ranking the (65th) percentile and beating the benchmark of 10.94%. Overall a good return for the quarter. Total Equity return for the quarter was 5.81% beating the benchmark at 5.67%. Total Fixed Income return for the quarter was -2.04 beating the benchmark at -4.28%. Total Real-estate return for the quarter was 1.87% beating the benchmark 2.25%. Mr. Vavrica continued to review the individual managers. Mr. Vavrica continued to review the individual managers.

Mr. Vavrica addressed the underweight in Fixed income. The equity portfolio is overweight, but the plan will be paying benefits from the equity account which will rebalance the account.

Mr. Vavrica addressed short duration portfolio for fixed income to adjust to the negative interest rates. Information can be brought to the next meeting for short duration portfolio of fixed income.

Mr. Vavrica presented the revised Investment Policy Statement. Mr. Vavrica reviewed the revisions.

**MOTION: Mr. Capote made a motion approve revised Investment Policy Statement**

**SECOND: Ms. Gurney seconded the motion.**

**CARRIED: The motion carried 4-0.**

#### **MINUTES**

The Board reviewed the minutes of the February 4, 2021.

**MOTION: Mr. Capote made a motion to approve the Minutes of the February 4, 2021, meeting.**

**SECOND: Mr. Gordon seconded the motion**

**CARRIED: The motion carried 5-0.**

#### **DISBURSEMENTS APPROVAL**

Ratification of warrants processed since the May 6, 2021, Meeting

<b>Disbursements Presented to Salem Trust</b>		
<b>WARRANT #369</b>	<b>Amount</b>	<b>Date sent to Salem Trust</b>
Resource Center (Inv 18408; February 2021 Admin Fees)	\$ 1,650.00	02/09/2021
Caballero Fierman Llerena & Garcia (Inv 43209 1/10/21 & Inv 43405 1/31/21)	\$ 6,500.00	02/09/2021
Klausner Kaufman Jensen & Levinson (Inv 27841 January 2021 Legal Fees)	\$ 1,250.00	02/09/2021
Highland Capital ( Fees for QE 12/31/20 Inv 26868 & Inv 26866 )	\$ 12,822.60	02/09/2021
Salem Trust Company (Custodian Fees for QE 12/31/20)	\$ 4,739.73	02/09/2021
Polen Capital (Investment Management Fees for QE 12/31/20)	\$ 11,185.34	02/09/2021
<b>Warrant #370</b>		
Resource Center (Inv 18466; March 2021 Admin Fees)	\$ 1,650.00	03/08/2021
Klausner Kaufman Jensen & Levinson (Inv 28017 February 2021 Legal Fees)	\$ 1,250.00	03/08/2021
<b>Warrant #371</b>		
Resource Center (Inv 18526; April 2021 Admin Fees)	\$ 1,650.00	04/12/2021
Klausner Kaufman Jensen & Levinson (Inv 28211 March 2021 Legal Fees)	\$ 1,250.00	04/12/2021
Highland Capital (Investment Management Fees for QE 03/31/21- Equity)	\$ 7,084.41	04/12/2021
Highland Capital (Investment Management Fees for QE 03/31/21- Income)	\$ 6,458.85	04/12/2021
AndCo (Investment Management Fees for QE 3/31/21 Inv 38065)	\$ 6,819.75	04/12/2021
<b>Total Disbursements</b>	<b>\$ 62,660.68</b>	

**MOTION: Mr. Capote made a motion to approve warrants #369 thru #371.**

**SECOND: Mr. Gordon seconded the motion.**

**CARRIED: The motion carried 5-0.**

**REPORTS**

- o **Chairman:**
  - o No Report
- o **Administrator: PRC (Amanda Kish)**
- o **Attorney: Klausner, Kaufman , Jensen and Levinson (Adam Levinson)**
  - o Mr. Levinson informed the Board of the IRS mileage rate which had a slight decrease.
  - o Mr. Levinson presented the form 1 memo. The Trustees must submit their form 1 by July 1<sup>st</sup>.
  - o Mr. Levinson informed the Board that he will be presenting the Policy regarding Contractual Provision for Investment Managers.

**NEW BUSSINESS**

**NEXT MEETING DATE**

Thursday, August 5, 2021 @ 8:30 AM

**ADJOURN**

There being no further business, a motion was made to adjourn the meeting at 10:41 AM.

Respectfully submitted,

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Claire Gurney, Secretary