



TOWN OF SURFSIDE
PENSION BOARD MEETING
Thursday, August 6, 2020 – 2:00 p.m.
9293 Harding Avenue – Virtual Meeting

MINUTES

Pension Board Members

N. Abraham Issa
Jason Greene
Sgt. Julio E. Torres
Yamileth “Yami” Slate-McCloud
Gary Golding

Town of Surfside Consultants

Frank Wan, Burgess Chambers & Associates
Todd Wishnia, Highland Capital Management
Adam Levinson, Klausner & Kaufman
Mayte Gamiotea, Third Party Administrator
Frantza Duval, Recording Clerk

1. Call to Order and Roll Call

The meeting was called to order by Abraham Issa at 2:04 p.m.
All of the above noted Pension Board members and Consultants were present.

Gary Golding provided a brief background introduction to the board.

2. Approval of Minutes

- a. Special Pension Board Meeting – *June 25, 2020*

MOTION:

The Town of Surfside Pension Board recommended approval of the *June 25, 2020* special pension board meeting minutes as amended. Gary Golding moved; Jason Greene seconded. The motion passed unanimously.

- b. Special Joint Town Commission and Pension Board Meeting Minutes – *July 6, 2020*

MOTION:

The Town of Surfside Pension Board recommended approval of the *July 6, 2020* special pension board meeting minutes. Jason Greene moved; Gary Golding seconded. The motion passed unanimously.

3. Agenda Additions and Deletions

None.

4. Public Participation

Resident Jeff Rose (8851 Froude Ave) wanted to let the board that know that residents are in favor in keeping the Pension plan as is, as the employees are deserving. In order to keep employees happy, the current plan should not be changed.

Duncan Tavares inquired if there was a way to calculate the total cost incurred for delays to the Pension plan due to Mayor Burkett delaying payment.

Adam Levinson advised that the normal cost of a plan is paid by the Town.

Captain John Bambis inquired if a police employee is vested, but doesn't have the age, and they leave, are they locked to the benefits at the present time. Adam Levinson advised that benefits lock in when you separate from service.

5. Reports and Updates

a. Burgess Chambers & Associates

Frank Wan provided an overview of the quarter ending June 30, 2020. For the quarter, the Plan earned \$2.8 million or +12.8% (+12.7% net), behind the Strategic Model (+13.6%). The top three performing asset categories were: convertibles (+31.1%), small-cap (+25.5%) and mid-cap (+24.6%). For the one-year period, the Plan earned \$298K or +1.5% (+1.2% net). The top three performing asset categories were: fixed income (+7.6%), large-cap core (+7.5%) and international (+3.7%). For the trailing five-year period, the Plan earned +5.9%. In June, \$500K was transferred from the Highland Large Cap Value product to the Polen Growth Fund, a new large cap growth mutual fund. An additional \$500K was transferred in July. Highland's large-cap value performance was ahead of its benchmark for the quarter (+14.8% vs. +14.3%). Highland's performance ranked in the 58th and the 55th percentiles for the three and five-year periods, respectively. Cohen & Steers Global Infrastructure was ahead of the index for the one-year period (-3.9% vs. -7.3%). Europacific was ahead of its benchmark for the three-year period (+5.3% vs. +1.6%) and ranked in the top 22nd percentile. The MEPT Fund earned +6.7% for the five-year period. Highland bond performance (annualized) beat the benchmark for the five-year period (+4.5% vs. +4.3%).

Abraham Issa suggested that Frank Wan bring to the next meeting educational information regarding the cycle of public real estate.

i. Polen

Anthony Xuereb and Roland Cole provided background information regarding themselves and their firm. Polen's four-core pillars are: concentrated portfolio, risk management, long holding compounding period, and outcome orientation. **Concentrated Portfolio:** "High Active Share" includes Portfolios constructed with a select group of high-quality companies, Use the guardrails of strong balance sheets, abundant free cash flow, strong ROE (> 20%), stable to improving margins, and real-organic

revenue growth, Best ideas portfolio—impartial to index sector and position weightings, and strategies invest in a range of 20-30 companies. **Long Holding/Compounding Period:** “Time Arbitrage” includes Long-term focus on company fundamentals and competitive advantages, Portfolio returns are generated through the compound earnings growth of competitively advantaged companies owned for many years— share prices follow earnings growth, the flagship Focus Growth portfolio has only invested in ~125 companies since inception, Average holding period is about five years. **Risk Management: “Don’t Lose Mentality”** Only invest in financially superior and competitively advantaged businesses— Margin of Safety, focus on long-term preservation of capital, Portfolio construction parameters include position size limits and sector weight limits, Currency, policy and political risks are considered regarding investment outside of the United States. **Outcome Orientation:** “Weighing Machine vs. Voting Machine” Seeking double-digit returns with lower levels of risk, more than 30 years of evidenced success through consistent application of our investment process, no market predictions, always fully invested, Unemotional selling with an absolute return. Polen pride themselves in finding the best businesses and holding on to them.

b. Highland Capital

i. Contract Fee Addendum

Todd Wishnia advised that the contract fee that was approved by the Board was never signed and the firm needs to have it completed.

Adam Levinson stated that he reviewed the contract fee addendum and everything seems to be in order. Adam Levinson advised that a motion would be needed authorizing the chair to sign the contract fee addendum.

Todd Wishnia provided an overview of the investment Review for Quarter Ending June 30, 2020.

MOTION:

The Town of Surfside Pension Board recommended approval authorizing the chair to sign the contract fee addendum. Gary Golding moved; Julio Torres seconded. The motion passed unanimously.

c. Klausner & Kaufman

Adam Levinson reminded board members to complete Form One.

i. Executive Order 20-179

Adam Levinson advised that Executive Order 20-179 for virtual meeting has been extended through the end of September. Adam Levinson advised that if the order is not extended by the Governor then normal meetings will resume. He advised if the order is not extended at least three trustees would need to be physically present at the next meeting.

- ii. Officer McGavern Disability
Adam Levinson provided a background on Officer McGavern's case. Adam Levinson advised that he would need to see evidence determining the cause of Officer McGavern's death to determine if it is duty related. Adam Levinson will provide additional update at the next meeting.
- iii. Ronald Browning
Adam Levinson advised that he has no additional update regarding this case. Mayte Gamiotea inquired if she should write the amount off. Adam Levinson advised that he has no objection from an accounting standpoint to write it off.

Yamileth Slate-McCloud advised that she wanted to have the forms with the notary correct block.

Yamileth Slate-McCloud inquired about changing a beneficiary who recently passed away of a general employee who is currently in the DROP program. Adam Levinson advised that as a general rule unless it's police, the joint annuitant can't be amended. It would require a policy change.

Yamileth Slate-McCloud also inquired if a Police Officer purchased time and their position is eliminated will the money contributed be refunded. Adam Levinson advised if they're not vested, their contributions would be refunded.

6. Administrator

- a. Refund of Contributions
 - i. John Sutton
 - ii. Olawusen Olajubu

Mayte Gamiotea advised that the refund of contributions for both John Sutton and Olawusen Olajubu is less than \$1,500.

- b. DROP
 - i. Silace Petitcar – August 1, 2020
 - ii. Priscilla Krutules – July 1, 2020

MOTION:

The Town of Surfside Pension Board recommended approval of the refund of contributions and DROP applicants. Jason Greene moved; Julio Torres seconded. The motion passed unanimously.

Yamileth Slate-McCloud stated that she noticed a difference in the hourly rate billed by Klausner & Kaufman to the Pension Board and the 185 Fund and wanted to know why the difference. Adam Levinson advised that it's a question for accounting and that representative of his firm will reach out to Yamileth Slate-McCloud tomorrow.

7. Approval of Invoices

Mayte Gamiotea presented the invoices as follows:

Burgess Chambers \$6,2500.00
Frantza Duval \$303.75
Gabriel Roeder Smith \$8,630.00
Highland Capital Management \$11,036.32
Klausner & Kaufman \$6,708.25
Mayte Gamiotea \$4,455.00
Town of Surfside \$326.03

Yamileth Slate-McCloud advised that traditionally the Pension board pays for GASB 68 and the Town pays for GASB 67.

MOTION:

The Town of Surfside Pension Board recommended approval of the invoices as amended by Yamileth Slate-McCloud. Gary Golding moved; Jason Greene seconded. The motion passed unanimously.

The sum of \$2, 696 is what is to be paid fully by the Town of Surfside for GASB67.

8. New/Old Business

Abraham Issa inquired about feedback from the joint Commission meeting. Jason Greene advised that the Town Commission requested additional information from Klausner's office. Adam Levinson advised that he provided links and an updated PowerPoint. Adam Levinson advised that he hasn't provided an updated spreadsheet with the comparison of neighboring cities. Adam Levinson advised that the Town Commission wanted additional cities listed. Adam Levinson provided a list of cities that he has included in the spreadsheet which are Coral Gables, Golden Beach, Hialeah, Miami, Miami Shores, Miami Springs, North Miami, Plantation, and South Miami. Adam Levinson wants the board to weigh in on the matter before submitting to the Town Commission. Yamileth Slate-McCloud advised that since the joint meeting she has met with two of the elected officials. Yamileth Slate-McCloud advised that the cost as of percentage of payroll for the general employees should be included in the spreadsheet. The board agreed to having Adam Levinson update the spreadsheet and sharing with Yamileth Slate-McCloud for review.

9. Trustees' Comments/Concerns

None.

10. Next Regular Scheduled Meeting Date

- **November 5, 2020**

11. Adjournment

There being no further business to come before the Board, the meeting unanimously adjourned at 5:05 pm with the motion made by Jason Greene; receiving a second from Yamileth Slate-McCloud.

Accepted this 23 day of November, 2020

N. Abraham Issa

Member (Print)

[Signature]
Signature

Attest:

[Signature]
Frantza Duval
Recording Clerk