



TOWN OF SURFSIDE
PENSION BOARD MEETING
Thursday, May 6, 2021 – 2:00 p.m.
9293 Harding Avenue - Virtual

Minutes

Pension Board Members

N. Abraham Issa
Yamileth “Yami” Slate-McCloud
Julio Torres
Gary Golding
Andrew Hyatt

Town of Surfside Consultants

Frank Wan, Burgess Chambers & Associates
Todd Wishnia, Highland Capital Management
Adam Levinson, Klausner & Kaufman
Jason D. Greene, Assistant Town Manager/Chief Financial Officer
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 2:08 p.m.
All of the above noted Pension Board members and Consultants were present.

2. Approval of Minutes

a. Regular Pension Board Meeting – *February 4, 2021*

MOTION:

The Town of Surfside Pension Board recommended approval of the *February 4, 2021* Pension Board meeting minutes. Gary Golding moved; Yamileth Slate-McCloud seconded. The motion passed unanimously.

b. Special Pension Board Meeting – *March 22, 2021*

MOTION:

The Town of Surfside Pension Board recommended approval of the *March 22, 2021* Pension Board meeting minutes. Gary Golding moved; Andrew Hyatt seconded. The motion passed unanimously.

3. Agenda Additions and Deletions

Mayte Gamiotea added to the agenda under the Third-Party Administration portion, Gema Aranda’s refund of contribution.

Mayte Gamiotea also added two invoices for FPPTA.

4. Public Participation

None.

5. Reports and Updates

a. Burgess Chambers & Associates

Frank Wan provided an overview of the quarter ending March 31, 2021.

For the quarter, the Plan earned \$1.4 million or +4.7% (+4.6% net), ahead of the Strategic Model (+3.4%) and in the top 4th percentile. For the one-year period, the Plan earned \$8.8 million or +39.1% (+38.7% net), ranking in the top 21st percentile. The top three performing asset categories were: small cap (+95.0%), convertibles (+89.0%), and mid-cap (+73.6%). Highland's large-cap value performance was ahead of its benchmark for the quarter (+13.9% vs. +11.3%) and one-year period (+60.4% vs. +56.1%). Cohen & Steers Global Infrastructure was behind the index for the one-year period (+24.5% vs. +28.0%). Europacific was ahead of its benchmark for the three-year (+10.7% vs. +7.0%) and five-year periods (+13.1% vs. +10.3%), ranking in the top 19th and 23rd percentiles, respectively. The MEPT Fund earned +5.6% for the five-year period. Highland bond performance (annualized) beat the benchmark for the quarter, one, three, and five-year periods.

b. Highland Capital

Todd Wishnia provided an overview of the investment Review for Quarter Ending March 31, 2021. The market moved higher by gaining another in 6.17% in quarter one. The first quarter market returns continued to show rotation as Value outperformed growth and small cap bested large cap. The Russell 1000 Value index gained 11.2% in Q1 versus the Growth index at 0.94%, and the small cap index returned 12.69% versus the S&P return of 6.17%. The best performing sectors in the quarter were cyclicals with Energy (+29.3%), Financials (+15.4%), and Industrials (+11.0%).

c. Klausner & Kaufman

Adam Levinson reminded the board about completing the FORM-1 form, which is due July 1st.

Adam Levinson also wanted to remind the board to register with e-verify, if they haven't done so yet.

Adam Levinson advised that this year in the Florida Senate there were efforts made to close the Florida Retirement System plan for new employees and move to an investment plan, but this failed in the House.

a. Ronald Browning Case

Adam Levinson advised that there are no new updates regarding this case.

Adam Levins advised that IRS reimbursement for mileage has gone down a penny and half.

Adam Levinson advised the board of the upcoming FPPTA annual conference, to be held on June 27-30, 2021. He advised the FPPTA school is from October 3-6, 2021.

6. Administrator

Mayte Gamiotea advised that the pension audit is almost complete. She advised that a special meeting will be needed to approve the pension audit and the actuarial valuation.

She advised that the annual report is due to the state for the 185 plan and the retirement plan for the town.

Mayte Gamiotea presented a request for refund of contributions for the following employees:

Analily Perez \$6000 approximately
Mario Tellez \$650 approximately
Gema Aranda \$7500 approximately.

MOTION:

The Town of Surfside Pension Board recommended approval of the refund of contributions for the above-referenced employees. Gary Golding moved; Julio Torres seconded. The motion passed unanimously.

7. Approval of Invoices

Mayte Gamiotea presented the invoices as follows:

Burgess Chambers \$6,250.00
Frantza Duval \$528.75
Gabriel Roeder Smith \$7,884.00
Highland Capital Management \$12,526.16
Klausner & Kaufman \$7,688.00
Marcum \$9,688.50
Mayte Gamiotea \$4,770.00
SunTrust Bank \$8,200.39
Town of Surfside \$719.24
FPPTA \$481.00

MOTION:

The Town of Surfside Pension Board recommended approval of the invoices as presented. Gary Golding moved; Andrew Hyatt seconded. The motion passed unanimously.

8. New/Old Business

- a. Investing in Digital Assets – Julio Torres
Sgt. Julio Torres opened the dialogue regarding digital assets. He stated that digital assets will be the future, which can and probably will replace cash. Sgt.

Torres is looking for the board to start investing in digital assets. Frank Wan advised that although digital asset is maturing it's currently being looked at as a speculative asset class. Frank Wan advised that due to the unknowns associated with digital assets, he is unable to recommend it to clients. He advised that as his clients he can definitely monitor it on our behalf as it has a price value, but as it's not something that his firm could evaluate internally.

Sgt. Torres advised that bitcoin is not currency. It's a stored value. Frank Wan advised that maybe an indirect ownership of digital asset may be a better way into this class.

Sgt. Torres advised that he wants the board to be educated on digital assets. He thinks it's the future. He sees the opportunity. Sgt. Torres suggested a 5% allocation to digital assets. He believes the plan needs to be diversified. Abraham Issa advised that trying to quantify or explain cryptocurrency to an actuarial or the member is difficult for a defined benefit plan.

Adam Levinson advised that this conversation won't be the last we'll be hearing regarding cryptocurrency. He advised that no other pension plans have looked into the realm of digital assets. Adam Levinson advised that if the plan was to move forward changes to the investment policy would be needed.

Jason Greene advised that it's a speculative asset, but an interesting concept to think about. He stated that if it was the will of the board to move forward, he suggests that they start small with an initial investment \$25-\$100K to see what happens. He suggested that additional discussion needs to be held.

Frank Wan advised that Grayscale is filing for ETF exchange, if successful the board would treat it as a stock and would then be able to purchase bitcoin cryptocurrency through them that way.

9. Trustees' Comments/Concerns

None.

10. Public Comment

None.

11. Next Regular Scheduled Meeting Date

- August 5, 2021

12. Adjournment

There being no further business to come before the Board, the meeting unanimously adjourned at 4:25 p.m. with the motion made by Julio Torres; receiving a second from Gary Golding.

Accepted this 5th day of August, 2021

P Abraham Issa
Member (Print)

[Handwritten Signature]
Signature

Attest:
[Handwritten Signature]
Frantza Duval
Recording Clerk