

MINUTES OF THE INVESTMENT REVIEW MEETING OF
THE CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

February 2, 2017

MEMBERS PRESENT

O. Cotera	-	Appointed by the City Commission
N. Enriquez	-	Elected by the Fire Fighters
M. Fernandez	-	Appointed by the City Commission
T. Gabriel	-	Appointed by the City Commission
S. MacDonald	-	Elected by the Police Officers
T. Roell	-	Appointed by the City Commission
R. Suarez	-	Elected by the Fire Fighters
A. Valdivia	-	Elected by the Police Officers

ALSO PRESENT

W. Cottle	-	Investment Consultant
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MEMBERS ABSENT

D. Iturrey	-	Appointed by the City Manager
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Chairman O. Cotera called the meeting to order at 10:45 a.m. with a quorum being present.

INVESTMENT /ISSUES AND PERFORMANCE REVIEW QE 12/31/2016

MILLIMAN USA – Represented by W. Cottle

The Consultant reviewed with the Board the performance for quarter ending December 31, 2016. Specific points addressed are as follows:

- **Coller Capital:** The Board reviewed a request from Coller Capital for a two-year extension on the agreed upon term which is nearing its end. The Manager is proposing an incremental reduction in fees for the first year of the extension and a waiver of all management fees beyond the first-year extension period. The Consultant recommended the Board approve the request. Discussion ensued. A motion was made by T. Roell and seconded T. Gabriel to approve the request. The motion was approved unanimously.
- **Trading Cost Reporting:** The Consultant reported that over the past twenty-five years trading costs primarily associated with equity portfolios managed for the Trust have been evaluated. The reporting was put in place due to concern that trading costs were high and the Managers were inappropriately using commission dollars for their own benefit. Since the inception of this reporting commission costs have significantly declined. The monitoring has not revealed any inappropriate use of security trading for the Managers' own benefit. Based on these facts, the Consultant recommended that the Policy

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Statement be revised to include questions regarding equity trading costs. The Consultant would report to the Board on the responses on an annually basis. Discussion ensued. The Board expressed concerns that the simplicity of just answering a questionnaire would not carry weighty accountability. The Consultant suggested a periodic random auditing of the responses for accuracy could be done. Discussion resumed. A motion was made by T. Gabriel and seconded by M. Fernandez include the questionnaire in the Investment Policy and conduct an annual audit of responses with an annual report to the Board. The motion was approved unanimously.

- JP Morgan Private Equity: The Consultant reported that a new JP Morgan Fund, Global Fund VI was closing at the end of March. Based on JP Morgan's performance in other funds the Trust is committed to and the net of fees value these are commitments are providing, it was his recommendation that the Board commit \$15 million to the Global Fund VI. Discussion ensued. The Board asked for the issue to be placed on the March meeting agenda for the Consultant to provide further detail along with information on what means the commitment would be funded by.
- Asset Allocation Study: The Consultant asked the Board's approval to conduct an Asset Allocation Study. A motion was made by R. Suarez and seconded by T. Gabriel to approve an Asset Allocation Study. The motion was approved unanimously.
- New Member of Milliman's FIPO Team: The Consultant discussed with the Board the addition of J. Nipp to Milliman. The Consultant explained that Mr. Nipp had been hired as an intended replacement for him. Mr. Cottle stated that, at this time, he had no near future plans to retire however, he has reached an age were retirement must be placed in perspective and with that in mind and the hopes for smooth transition when the time comes, Mr. Nipp was brought on board.

Performance Report

The FIPO Trust had a total market value of \$1,524,034,799 as of December 31, 2016, which represents an increase of \$22.1 million from the September 30, 2016, market value. The overall increase in the Trust's market value was the result of a 21.8 million in net cash flow and an investment gain of \$329 thousand. The Fund had a return of 0.1% during the forth quarter of 2016, which underperformed the Fund's benchmark return of 0.6.

Watch List

Jackson Square Partners was placed on list May 6, 2016.

AXA high yield income portfolio was placed on list August 5, 2016.

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MANAGER PRESENTATIONS

The below listed Investment Managers made presentations to the Board on their performance for quarter ending December 31, 2016. A copy of their individual reports is on file at the Fire and Police Pension Office and available for review.

AXA – Represented by R. Houle

Champlain – Represented by J. O'Connell and S. Brayman

Dodge & Cox – Represented by R. Utsumi

Fisher, Francis, Trees & Watts - - Represented by A. Johnson, C. Allan

Jackson Square – Represented by S. Hayman and C. Erickson

The Board expressed their disappointment and concern with the significant and repeated underperformance. The representatives assured the Board they were diligently working to improve the performance. S. Hayman stated that they were proposing a fee reduction from 43 bp to 35 bp. If the Board was agreeable she would work on amending the agreement. Discussion ensued. A motion was made by M. Fernandez and seconded by T. Roell to accept the fee reduction. The motion was approved unanimously.

Pacific Asset – Represented by M. Spitler

Pantheon – Represented by Y. Segura-Baez

With no further business, the meeting was adjourned at 3:15 p.m. by a motion from S. MacDonald a second from A. Valdivia and a unanimous vote.



Ornel Cotera, Chairman

Attest:



Dania Orta, Administrator