

CORAL GABLES RETIREMENT SYSTEM  
 Minutes of November 12, 2015  
 Youth Center Theater/Auditorium  
 405 University Drive  
 8:00 a.m.

MEMBERS:	J	F	M	A	M	J-11	J-25	A	S	O	N	APPOINTED BY:
	15	15	15	15	15	15	15	15	15	15	15	
Andy Gomez	E	P	P	P	P	P	P	P	P	E	E	Mayor Jim Cason
James Gueits	P	P	P	P	P	P	P	E	P	E	P	Vice Mayor C. Quesada
Charles Rigl	-	-	-	-	-	-	-	P	P	P	P	Commissioner Jeanette Slesnick
Michael Gold	-	-	-	P	P	P	P	E	P	P	P	Commissioner Patricia Keon
Rene Alvarez	P	P	P	E	P	E	E	P	P	P	P	Commissioner Vince Lago
Joshua Nunez	P	P	P	P	P	E	P	P	P	P	E	Police Representative
Randy Hoff	P	P	P	P	P	E	P	P	P	P	P	Member at Large
Donald R. Hill	P	P	P	P	P	P	P	P	E	E	P	General Employees
Troy Easley	P	P	P	P	P	P	P	P	P	P	P	Fire Representative
Diana Gomez	P	P	P	P	P	P	P	P	P	P	P	Finance Director
Elsa	P	P	P	P	P	P	P	P	P	E	P	Human Resources Director
Jaramillo-Velez												
Manuel A. Garcia-Linares	P	P	P	P	P	E	P	P	P	P	P	City Manager Appointee
Jacqueline Menendez	-	-	-	-	-	-	-	P	P	P	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager  
 Alan Greenfield, Board Attorney  
 Dave West, The Bogdahn Group  
 Pete Strong, Gabriel Roeder Smith

P = Present  
 E = Excused  
 A = Absent

GUESTS:

Richard Sicking, Esq.  
 John Norman, retiree  
 Mark A. Touby  
 David Perez, Local 1210 IAFF  
 Adolfo Sansores, DROP participant

Chairperson Randy Hoff calls the meeting to order at 9:28 a.m.

1. Roll Call Chairperson Hoff calls the meeting to order.
2. Attendance of Attorney Richard Sicking on behalf of Service Connected Disability retiree John Norman who is requesting approval from the Board to be hired by the City of Coral Gables as a part-time background investigator for the Police Department. (*Agenda Item 5*)

Richard Sicking represents John Norman. Officer Norman is a disabled police officer and there is an opening in the City's Police Department for a part-time background investigator for all

employees. It does not require the person to be a law enforcement officer and it is not inconsistent with the definition of disability in the ordinance or the State Statutes. Because it is in the Police Department they did not want a situation where it was not being revealed to the Board and that is why they are here today. Mr. Greenfield advises that Mr. Norman is able to take a part-time job doing anything other job than being a Police Officer due to his disability. Mr. Garcia-Linares believes there is no need to have a vote on the matter and Mr. Sickling thanks the Board.

3. Consent Agenda. (*Agenda Item 2*)

*All items listed within this section entitled "Consent Agenda" are considered to be self-explanatory and are not expected to require additional review or discussion, unless a member of the Retirement Board or a citizen so requests, in which case, the item will be removed from the Consent Agenda and considered along with the regular order of business. Hearing no objections to the items listed under the "Consent Agenda", a vote on the adoption of the Consent Agenda will be taken.*

2A. The Administrative Manager recommends approval of the Retirement Board meeting minutes for October 8, 2015.

2B. The Administrative Manager recommends approval of the Report of the Administrative Manager.

1. For the Board's information, there was a transfer in the amount of \$5,050,000.00 from the Northern Trust Cash Account to the City of Coral Gables Retirement Fund for the payment of monthly annuities and expenses at the end of October for the November 2015 benefit payments.

2. For the Board's information:

- John Watson, Police Captain, passed away on October 4, 2015. He retired from the City on February 1, 1992 with Option 2B-100%. His beneficiary began receiving her post-retirement monthly benefit on November 1, 2015.
- John Williams, Sewer Maintenance Mechanic, entered the DROP on April 1, 2014 and left the DROP on October 5, 2015. He received his first retirement monthly benefit on November 1, 2015 and was not affected by the IRS 415(b) limits for the 2015 year.
- Michael Bertzel, Firefighter, entered the DROP on September 1, 2008 and left the DROP on October 31, 2015. He received his first retirement monthly benefit on November 1, 2015 and was not affected by the IRS 415(b) limits for the 2015 year.
- Guy Gooch, Firefighter, entered the DROP on May 1, 2008 and left the DROP on October 15, 2015. He received his first retirement monthly benefit on November 1, 2015 and was not affected by the IRS 415(b) limits for the 2015 year.

- Dallas Brown, Maintenance Division Superintendent, entered the DROP on February 1, 2013 and left the DROP on October 31, 2015. He received his first retirement monthly benefit on November 1, 2015 and was not affected by the IRS 415(b) limits for the 2015 year.
  - Edward Dunn, Fire Lieutenant, entered the DROP on November 1, 2007 and left the DROP on October 31, 2015. He received his first retirement monthly benefit on November 1, 2015 and was not affected by the IRS 415(b) limits for the 2015 year.
3. For the Board's information, the following Employee Contribution check was deposited into the Retirement Fund's SunTrust Bank account:
    - Payroll ending date October 4, 2015 in the amount of \$164,640.50 was submitted for deposit on October 9, 2015.
    - Payroll ending date October 18, 2015 in the amount of \$163,580.66 was submitted for deposit on October 28, 2015.
  4. Copy of the detailed expense spreadsheet for the month of October 2015 is attached for the Board's information.
  5. Attached for the Board's information is a report from the GRS Death Check website showing that no death records were found from the current list of retirees' Social Security numbers as of November 6, 2015.
  6. For the Board's information, a letter is attached dated September 29, 2015 from Richmond Capital stating that they are in compliance with Florida Statute 215.473.
  7. For the Board's information the Northern Trust Securities Lending Summary Earnings Statement for October 2015 is attached.
  8. A copy of the Analysis of Dollar Volume for the 3<sup>rd</sup> quarter of 2015 is attached for the Board's information.
  9. A copy of the October 2015 FPPTA Newsletter is attached for the Board's information.
- 2C. The Administrative Manager recommends approval for the following invoices:
1. The Bogdahn Group invoice no. 12620 dated September 15, 2015 for Performance Evaluation and Consulting Services from July 1, 2015 to September 30, 2015 in the amount of \$36,250.00. This invoice is in accordance with the contract between The Bogdahn Group and Coral Gables Retirement System signed on June 1, 2008 and in accordance with the fee increase approved by the Board and signed by the Chairperson on April 28, 2011.

2. The City of Coral Gables invoice #010942 for the rental of City's public facilities in the amount of \$1,479.00 (\$499.00/month) which is an increase of \$162.00 per quarter and general liability insurance in the amount of \$972.00 (\$324.00/month) which is a decrease of \$10.26 per month for the months of October thru December 2015.
3. GRS invoice #417056 dated October 7, 2015 for actuarial consulting services for the month of September 2015 in the amount of \$15,892.00.

**A motion was made by Mr. Garcia-Linares to approve the consent Agenda and seconded by Mr. Hill. Motion unanimously approved (9-0).**

4. Items from the Board Attorney. (*Agenda Item 3*)

Mr. Greenfield begins advising he was not present for the October meeting. He briefly explains nothing has happened in the Nyhart case since April. He continues adding that the COLA case is awaiting the summary judgment. He was hoping the City attorney Mr. Craig Leen would be present. He wishes the Board Happy Thanksgiving and Holiday Season and reminds the Board members that they cannot take gifts from vendors associated with the Board in excess of \$25.00. If it is in excess of \$25.00 then they will have to report it. He informs that Mr. Rigl has been proactive in trying to keep up with what is going on and brought to his attention that there is a Charter Review Board that is reviewing the City's Charter. One of the issues is that there was a question dealing with the Charter provision as it relates to the pension. It goes back to 1945. He sent a copy of the Charter provision and question that was asked by one of the persons on the Charter Review Board. Reading it indicated that there was a lot of activity between 1945 and now that should not have taken place based upon the Charter. He believes that the Board should have some participation with the Charter Review Board when it comes to the issue of their talking about the pension. Perhaps one of the Board members could be with the Charter Review Board and bring to the Board's attention what they are intending to recommend to the Charter Review and they can have input before they make their final recommendations as to the Commission.

5. Discussion of a request for Board approval of DROP participant Adolfo Sansores to have the ability to change his optional form of payment by adding non-spousal beneficiaries. Mr. Sansores chose Option 2B-100%. Section 401(a)(9) of the Internal Revenue Code limits the age difference for non-spouse beneficiaries on joint and survivor forms of payment. (*Agenda Item 4*)

Adolfo Sansores, DROP participant, thanks the Board for their time regarding this issue. He informs that he is before the Board to request to change his beneficiary. Before he makes a final decision as to whether to leave his current beneficiary as is or making changes he is requesting that the Board approve a recalculation of his benefits with a new beneficiary so he can make an informed decision. Ms. Groome informs that Mr. Sansores chose Option 2B-100% and the issue is he is looking to change his beneficiary to his daughters and due to the rules of the IRS he would not allow to keep the 100% due to their ages. Mr. Garcia-Linares asks if he has the right to do that change. Ms. Groome explains that the issue was that the actuary suggested that the Board should make the decision on whether or not the percentage should be

changed if Mr. Sansores choses to change his beneficiary. Mr. Strong informs that he and Mr. Greenfield discussed this issue and the IRS Section 401(a)(9) went into effect a few years ago so it is a fairly new rule. He states that Mr. Sansores does have the right to change his beneficiary however the issue is that the beneficiary is under a certain age then 100% is no longer allowable. It calculated by a sliding scale based upon age difference between the retiree and beneficiary. Mr. Garcia-Linares asks if he has the right to change it. Mr. Strong responds that he has the right to change his beneficiary. The issue is he will have to change his option from Joint-Survivor 100% to something else. Ms. Groome adds that Mr. Sansores will keep the same option; the actuary suggested that Mr. Sansores come before the Board to get approval of changing the percentage for the beneficiary since the 100% is no longer allowed because of the ages of his beneficiaries. Mr. Sansores is requesting to get the numbers for his beneficiaries to see whether or not he wants to make the change. Mr. Greenfield states that there is nothing in the ordinance that prevents Mr. Sansores from changing his option or his beneficiary. However, if he changes his option and his beneficiary he would have to do it in accordance with Section 401(a)(9) of the IRS which reduces the amount the beneficiaries would get. The State Statute Police and Fire cannot change their beneficiary but there is nothing in the Retirement Ordinance that is similar to the State Statute. The State Statute is superimposed on all plans and so Mr. Sansores is not a police or firefighter there is no prohibition in changing his beneficiary or his option. Ms. Groome points out that another recommendation that the actuary had was that Mr. Sansores pay for the recalculation and the Retirement System has never had anyone pay for their recalculation when they have requested a change in beneficiary. Mr. Greenfield informs that the question he saw under change in option which is something that is not prohibited but is something that has not come up there has to be an actuarial recalculation for the benefit of the participant that wants to change the option. He said that if a participant wants to change an option, that costs changing the option and it should be the participant's cost and not the cost to the plan because it is not the benefit of all employees but it is the benefit of one employee. Since they have not had someone change their option before it is a matter of precedent if a participant wants to change their option and they have the right to change it that recalculation should be their expense and not the Board's expense. That is his recommendation but it would be up to the Board.

**A motion was made by Ms. Gomez and seconded by Ms. Menendez to approve the ability to change the option and not charge the individual of the recalculation. Motion unanimously approved (9-0).**

6. Discussion of the 2016 COLA determination letter submitted by Gabriel Roeder Smith. The net rate of investment return on the market value of assets during the year ending September 30, 2015 was calculated to be 2.0%. Therefore, the cost of living increase is not eligible to be granted on January 1, 2016. (*Agenda Item 6*)

Ms. Groome advises that this item was placed on the agenda for the Board's information. There was no cost of living increase triggered for January 1, 2016.

Ms. Menendez left the meeting at this time.

7. Investment Issues.

Dave West with the Bogdahn Group begins his overview presentation of the Investment Performance Review for the third quarter. The total fund for the year came in at 1.84%. The total fund on a gross basis came in at 2.55%. He advises that this year is doing exceptionally well. He adds that the asset allocation has been a big driver in placing the fund over the top in comparison to their peers. Wells Capital and Winslow did not meet the three year requirements. Last year these funds had a rough period however he recommends that the Board continues with these funds.

Mr. West reviews the monthly performance for October. The total net for the fund came in at 4.08%. The three year number finalized at 9.62% and the five year at 8.91%. For the fiscal year the fund started with \$326,887,914. There were \$16,000,000 net transfers with \$8,000,000 going to BlackRock and the other \$8,000,000 going to PIMCO Tactical. There was \$27,790,594 in contributions, \$350,249 in income and \$13,745,974 in appreciation so at October 31<sup>st</sup> the total fund was \$363,545,706.

8. Old Business.

Chairperson Hoff if there is any Old Business. Mr. Strong informs that at the last meeting Ms. Gomez asked for quotes for a couple of potential projects. One was for a calculation calculator that would be placed on the Intranet for estimates of employee retirement benefits. Due to the City of Coral Gables having such a complex plan it would cost roughly \$15,000 and an additional \$7,500 if any additional variables needed to be added.

Mr. Strong advises that the second item that was asked for was the DROP Calculator. This request was to help employees determine if they should stay or leave the DROP. They have only done this for State wide plans. It is in conjunction with a benefit illustrator or monitor. What those tools do is it keeps the underlying valuation data and an employee can go in by using their Social Security number and the program pulls their data so they can see their projected benefit. The program doesn't give optimizations as to whether it is better for a participant to retire or enter into the DROP. They decision of staying or retiring would simply be up to the participant. To complete a project of this magnitude would be about \$10,000 to \$12,000 for the initial setup. Ms. Gomez asks if there would be any recurring cost to update the data. Mr. Strong replies that it would be minor. Chairperson Hoff asks for Mr. Strong and Ms. Groome to work together to see what the best course of action would be.

9. New Business.

a. Pension Administration Software. Ms. Groome informs that Milliman came to see her to show her their administration software. It is based upon data from the payroll system that is up to date so employees can go in and pull up their pension estimate. Mr. Garcia-Linares asks why the City doesn't pay for something like that as a benefit for the employees. Since it is for the employees and not the retirees for him it doesn't make any sense for the plan to pay for it. It is a benefit for the current employees and not the retirees. Ms. Groome adds that the software can be used to do the retirement calculations instead of having the actuary certify the retirement amounts. Mr. Strong

states that as the actuary he would be uncomfortable with that. Mr. Hill comments that if they use the actuary for the certification then the plan is covered because the actuary has the liability. Ms. Groome states that she was interested in the software because it cuts out the human error issues. Mr. Garcia-Linares states that if they think it would be good for the employees to be able to go in and look at their information daily that is a different issue and he thinks the City should supply that to their employees as a benefit.

b. Retirement Board meeting dates for 2016

Chairperson Hoff would like to change the January 14, 2016 meeting to January 11, 2016. Mr. Strong asks if the Board would like to have another workshop in January. Ms. Groome informs that the January meeting is usually full so the workshop should be after January. Ms. Gomez asks when the actuary would need any type of assumption changes for this year's valuation report. Mr. Strong advises that the Board could always tentatively say they want to change the assumptions to see the effect. There may be experience gains that would offset any type of investment experience. They usually do not publish the report until March or April.

10. Public Comment. There was no public comment.

11. Adjournment.

The next scheduled Retirement Board meeting is set for January 11, 2016 at 8:00 a.m. in the Youth Center Auditorium.

Meeting adjourned at 10:22 a.m.

APPROVED

RANDY HOFF  
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME  
ADMINISTRATIVE MANAGER