

CORAL GABLES RETIREMENT SYSTEM
 Minutes of May 9, 2024
 Public Safety Building
 Community Meeting Room A
 2151 Salzedo Street
 8:00 a.m.

| MEMBERS: | A | S | O | N | J | F | M | A | M | APPOINTED BY: |
|------------------------|----|----|----|----|----|----|----|----|----|-------------------------------------|
| | 23 | 23 | 23 | 23 | 24 | 24 | 24 | 24 | 24 | |
| Vacant | - | - | - | - | - | - | - | - | - | Mayor Vince Lago |
| Alex Mantecon | E | P | E | P | P | P | E | P | P | Commissioner Castro |
| Juan Lucas Alvarez | P | P | P | P | P | P | P | P | E | Commissioner Ariel Fernandez |
| Michael Gold | E | P | P | P | P | P | P | E | P | Commissioner Kirk Menendez |
| Manny Carreno | P | P | P | P | P | P | P | E | P | Commissioner Rhonda Anderson |
| Joshua Nunez | P | P | P | P | P | P | P | P | A | Police Representative |
| Christopher Challenger | P | P | P | P | P | E | P | P | P | Member at Large |
| Sureya Serret | P | P | P | P | P | P | P | P | P | General Employees |
| Troy Easley | P | E | P | P | P | P | P | P | P | Fire Representative |
| Diana Gomez | P | P | P | P | P | P | P | P | P | Finance Director |
| Raquel Elejabarrieta | P | P | P | P | P | P | P | P | P | Labor Relations and Risk Management |
| Rene Alvarez | P | E | P | P | P | E | P | E | P | City Manager Appointee |
| James Gueits | - | - | - | - | - | - | P | P | P | City Manager Appointee |

STAFF:

Kimberly Groome, Administrative Manager
 Manuel Garcia-Linares, Board Attorney
 Dave West, AndCo Consulting
 Edemir Estrada, Gabriel Roeder Smith
 Peter Tramont, Gabriel Roeder Smith
 Pete Strong, Gabriel Roeder Smith

P = Present
 E = Excused
 A = Absent

1. Roll call.

Chairperson Mantecon called the meeting to order at 8:05 a.m. Mr. Juan Lucas Alvarez was excused, Mr. Nunez was absent and Mr. Rene Alvarez joined in via Zoom.

2. Consent Agenda.

All items listed within this section entitled as also in attendance "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 April 11, 2024.

- 2B. The Administrative Manager recommends approval of the City of Coral Gables invoice #00218 for General Liability from April to June 2024 in the amount of \$1,476.75.
- 2C. The Administrative Manager recommends approval of the following Retirement Benefit Certifications: DROP – Guido Antezana (Police Officer), Omar Hassan (General Non-Excludable Employee); Retirement – Eduardo Orbe (Police Officer).

A motion to approve the Consent Agenda was made by Mr. Easley and seconded by Vice-chairperson Gold. Motion unanimously approved (9-0).

- 3 Comments from Retirement Board Chairperson.

Chairperson Mantecon had no comments.

- 4. Items from the Board Attorney.

Mr. Garcia-Linares reported he reviewed the Ordinance and compared it to the contract signed between the Retirement Board and GRS to confirm the services that need to be provided by GRS.

There is one active member that could possibly buyback military or prior public service.

Mr. Garcia-Linares noted he received a copy of a request from the Retirement System's accounting firm with two questions regarding the annual state report; one question related to the Cancer Presumption was already responded last year, and the second question was about the existing vacancy on the Retirement Board.

- 5. Items from the third-party Pension Administrator.

Ms. Estrada briefly commented on the instructions regarding Form 1 that needs to be completed every year by Board members. This year the forms cannot be submitted by mail. Board members will be receiving instructions via email on how to create an account. Form is due on July 1, and Ms. Groome added that the City Clerk's office is also available for any questions.

An update was provided to the Board on the number of active and inactive members that are currently registered on the portal; 240 active members are registered (with 320 pending registrations) and 518 inactive members and registered (with 490 pending registrations). GRS's team continues to work on a flyer that will assist member with their registration, and that information will be sent to active members first, then it will be sent to inactive members.

- 6. Presentation of the 10/1/2023 Actuarial Valuation report by Gabriel Roeder Smith.

Pete Strong reported on the October 1, 2023 Actuarial Valuation. The following was a summary:

- The Required City Contribution for FY 2025 (payable in full on October 1, 2024) is \$20,170,938
- Actuarial Value of Assets as of 10/1/2023 = \$475.10 million

- Market Value of Assets as of 10/1/2023 = \$449.37 million
- Rate of return on the Actuarial Value of Assets during the year ending 9/30/2023 was +4.9%.
- Rate of return on the Market Value of Assets during the year ending 9/30/2023 was +11.8%.
- Actuarial Accrued Liability (AAL) as of 10/1/2023 = \$623.96 million
- New LDROM (Low Default Risk Obligation Measure) as of 10/1/2023 (at 4.63% interest rate) = \$803.83 million.
- Funded Ratio as of 10/1/2023 = 76.1% (vs. 74.7% last year). This is based on the Actuarial Value of Assets. This funded ratio would have been 76.5% prior to reflecting the investment return assumption change.
- Market Value-based funded ratio as of 10/1/2023 = 72.0% (vs. 66.4% last year).
- Unfunded Actuarial Accrued Liability (UAAL) as of 10/1/2023 = \$148.86 million
- There was an Actuarial Experience (Loss) of (\$8.24) million realized during the year ended 9/30/2023. The investment experience loss (on the actuarial value of assets) was about (\$10.63) million. Disability experience, salary increase experience (average salary increases were 5.8% versus 4.6% expected), and service purchase adjustments were also minor sources of experience loss. Mortality experience, retirement experience, and termination experience were sources of offsetting experience gains, mortality experience being the largest source of gain (+\$2.5 million). The actuarial experience loss this year caused the required City contribution to increase by approximately \$734,000. There was a total of 23 deaths and the average age was 84 (retirees) and 78 (spouses).

Mr. Strong also noted that newly hired general employees are given a choice between the defined benefit (DB) plan or a 401(a) defined contribution (DC) plan. During fiscal year 2023, approximately 35% of new general employees elected the 401(a) Plan. This experience does not have much impact on the current cost of the DB plan because the employee contribution rate is very close to the total normal cost rate in the DB plan.

Mr. Strong spoke about the new requirement regarding the Low-Default-Risk Obligation Measure listed on page 10 of the Actuarial Valuation report.

As previously requested by Ms. Gomez, the Actuarial Valuation report also included a comparison side by side with versus without Projected Extra City UAAL Payments. Lastly, Mr. Strong reviewed the Actuarial Value of Assets and the history of the Investment Rate of Return.

Mr. Strong concluded his presentation and Chairperson Mantecon added that the Retirement System is going in the right direction.

A motion to approve the 10/1/2023 Actuarial Valuation was made by Vice-chairperson Gold and seconded by Mr. Gueits. Motion unanimously approved (9-0).

Mr. Garcia-Linares and Ms. Gomez briefly commented about the existing resolution for continuing to make extra payments towards the Unfunded Actuarial Accrued Liability, and resending it to the City.

A motion to reiterate the existing resolution and resend it to the City was made by Vice-chairperson Gold and seconded by Mr. Gueits. Motion unanimously approved (9-0).

7. Investment Issues.

Dave West began his presentation by stating that his agenda was more about a follow-up discussion; real estate manager investments and investment opportunity. The economic forecasters and market participants continue to underestimate the resilience of the U.S. economy.

Mr. West had no action recommendations, and will probably have to relook at the asset allocation again at the June meeting. Fiscal Year today the portfolio is still up over 10% and in great shape. Garcia Hamilton did not have a good period of performance.

In regard to Garcia Hamilton, Mr. West informed that they have a client service transition team and he's met the individuals. There is no change in the portfolio management team. In regard to Serenitas, their team is coming out with a new product focused on residential mortgage insurance. Mr. West is not recommending to allocate additional monies to the same manager.

To begin the discussion about Real Estate, there were a couple of items on the table. The first one was more of a strategic discussion involving the participation in the queue with JP Morgan products. It is recommended to maintain the position in the queue. Also, to request a notification prior to making a redemption. With TerraCap there is a very different process going on right now. There's been several meetings although Mr. West confirmed there are no irregularities or accounting irregularities. It's been a question of the timing and definitely a question of the communication coming out of the team there. There is a major issue with the communications or lack of communication.

Vice-chairperson Gold inquired about the numbers shown on the investment report for HarbourVest to which Mr. West responded that he'll take a look at those numbers and report back to the Board.

No action recommendations were needed at the time.

8. Old Business.

There was no old business.

9. New Business

Dave West briefly spoke about the new ideas and strategies that were reviewed in the past pertaining to alternative real estate investment. Then, he proceeded to turn it over to an informational presentation by Affiliated Development LLC.

Jeff Murano, Jeff Burns and Nick Rojo spoke on behalf of Affiliated Development LLC. They thanked the Retirement Board for its time and started focused on providing details about the Affiliated Housing Impact Fund II, LP.

Their company develops Class A Multi-Family Housing, and their goal is to provide the same market rate of return that anyone would get otherwise in a fund investing in a Class A Apartment building. Every single deal is different and they feel there's a tremendous amount of growth in those markets. They have projects in West Palm Beach, Lake Worth, Boynton and Fort Lauderdale and provided an illustration of successfully executed workforce housing.

One thing they do before they open a building is when they go to the Union and local police station to advertise the upcoming openings. They don't do their own constructions, they outsource it.

Mr. Rojo provided an update of the fund financial and mentioned they've been able to kind of navigate the industry and environment and they're currently showing at 35% Gross IRR.

There're financial programs for them (Fannie Mae and Freddie Mac) who are the agencies that loan money and provide liquidity to the multi-family space, and they now have special programs just for workforce.

After the big COVID wave, they expect another wave of people because they're building all these office buildings and companies haven't moved here yet. Then, when that happens they expect more people to come to Florida, and there's a lot of good reasons to invest here locally. Unemployment is still low here and the exodus of New York is still coming.

They know the tri-county area, the cities, and the politicians. They would tell people they could build the units and not have an issue filling them up. It's just a matter of getting the subsidy together and putting the money there.

Mr. Burns spoke about the Live Local Act signed into law in July 2023 and said that it was the most impactful piece of legislation ever passed. Through this, it allows them to get projects approved administratively, not having to do a commission meeting, or spend hours and hours of their days talking to commissioners and staff and getting on the agenda. They can get their project approved without having one public meeting. He also explained the benefit of getting tax exemptions based on how many units are built.

After they concluded their presentation, Mr. West added that he will continue his due diligence and efforts, to maybe hear a final decision from the Retirement Board to bring them back and go from there.

10. Public Comments.

There was no public comment.

11. Adjournment.

Meeting was adjourned at 9:35 a.m.

APPROVED ON: _____