

CORAL GABLES RETIREMENT BOARD EXECUTIVE SUMMARY OF MINUTES

MEETING DATE: August 13, 2009

MEETING LOCATION: Police Station Basement

Meeting called to order by Chairperson Tom Huston at 8:05 A.M.

Board Members in attendance: Steve Naclerio, Manuel Garcia-Linares, Tom Huston, Sal Geraci, Troy Easley, Victor Goizueta and Wayne Sibley. Board members Agustin Diaz and Les Space were excused. Staff in attendance: Kimberly Groome, Administrative Manager; Donald G. Nelson, Finance Director; Alan E. Greenfield, Board Attorney; Troy Brown and Dave West, The Bogdahn Group; Randall Stanley and Jonathan Craven, Stanley Holcombe & Associates. Guests in attendance: Patrick Salerno, City Manager; Marjorie Adler, Human Resources Director; John Baublitz, President of FOP; Steve Bush, Coral Gables Fire Department and Bill Curtin.

AGENDA

1. Roll call.
2. Approval of the Retirement Board meeting minutes for June 22, 2009.
3. Approval of the Retirement Board Executive Summary minutes for June 22, 2009.
4. Items from the Board attorney.
5. Report of Administrative Manager.
6. Approval of Employee Benefits
7. Submission of bills.
8. Approval of the 2008 State Annual Report which was mailed via USPS Express Mail to the State of Florida on August 6, 2009.
9. Attendance of John Baublitz, President of the Coral Gables FOP Lodge #7, requesting the use of the Board's actuary, Stanley Holcombe and Associates.
10. Attendance of Randall Stanley of Stanley, Holcombe and Associates to present the 2008 Actuarial Valuation Report.
11. Discussion, review and approval of the Request for Proposal for Independent Auditor of the Coral Gables Retirement System.
12. Investment Issues.
13. Old Business.
14. New Business.

SUMMARY OF MINUTES IN ORDER AS DISCUSSED

AGENDA ITEM #2: Approval of minutes

SUMMARY: The minutes for June 22, 2009 were unanimously approved.

AGENDA ITEM # 3: Approval of Executive Summary minutes

SUMMARY: The Executive Summary minutes for June 22, 2009 were unanimously approved.

AGENDA ITEM #4: Items from the Board Attorney.

SUMMARY: Mr. Greenfield reported that the final releases from the UBS lawsuit were distributed to all present and past Board members.

The Board had a lengthy discussion regarding how the actuary will treat the UBS settlement for accounting purposes. The Board approved a motion that Mr. Nelson will be involved in the discussion

between the State of Florida Division of Retirement and the actuary regarding the State of Florida Division of Retirement's response to the actuary's letter based on this issue. The Board agreed to wait and finalize their decision on this issue until they hear from the State on whether the settlement can be treated as current revenue or as an investment return.

Mr. Greenfield reported on additional administrative items that he has been working on.

The Board approved a motion instructing Mr. Greenfield to ask the Florida Attorney General for an interpretation on a physical quorum under the Sunshine Law.

The Board also discussed the status of the claim against the Police 185 Fund and instructed Mr. Greenfield to continue forward with that issue.

AGENDA ITEM #5: Report of the Administrative Manager.

SUMMARY: The Board approved all items of the Administrative Manager's Report.

AGENDA ITEM #6: Employee Benefits.

SUMMARY: The Board approved the employee benefits for Henry Adderley, Anna Garcia and Mirtha Ruiz (retirement), Clayton Carter, Faye Thompson and Gianna Pedron (DROP) and Eugene Gibbons (vested retirement).

AGENDA ITEM #7: Submission of bills.

SUMMARY: The Board approved The Bogdahn Group and the Stanley Holcombe and Associates invoices.

AGENDA ITEM #8: Approval of the 2008 State Annual Report which was mailed via USPS Express Mail to the State of Florida on August 6, 2009.

SUMMARY: The Board approved the 2008 State Annual Report.

AGENDA ITEM #9: Attendance of John Baublitz, President of the Coral Gables FOP Lodge #7, requesting the use of the Board's actuary, Stanley Holcombe and Associates.

SUMMARY: The Board approved that the FOP was allowed to use the Board's actuary for their calculations for the negotiations with the City.

AGENDA ITEM #10: Attendance of Randall Stanley of Stanley, Holcombe and Associates to present the 2008 Actuarial Valuation Report.

SUMMARY: Randall Stanley and Jonathan Craven presented the 2008 Actuarial Valuation Report to the Board. The following are highlights of that presentation: As of October 1, 2008 there were 781 actives with an average age of 42, an average service of 11.1 years and an average salary of \$68,500.00; The plan's market return was (15.7%); On an actuarial value the fund is 60% funded and on a market value the fund is 52% funded; The unfunded liability is \$168.5 million; The percentages of payroll are 21% for Police officers, 14.6% for Firefighters and 15.4% for general and excluded employees. The Board unanimously approved the report.

Agenda Item 11: Discussion, review and approval of the Request for Proposal for Independent Auditor of the Coral Gables Retirement System.

Summary: The Board unanimously approved the independent auditor request for proposal.

Agenda Item 12: Investment Issues

SUMMARY: Dave West reported that as of July 31, 2009 the fund's asset value was \$206,037,793. The fund is on their targets with the rebound in equities. Regarding the real estate asset class, the fund still has \$2.5 million in the exit queue. The consultants recommend that they use that money when it becomes available to look at the JP Morgan infrastructure asset class.

Mr. West reviews the second quarter performance. They opened the quarter with \$178 million. Contributions to the fund totaled \$5.4 million and distributions were \$3.2 million. The fees were \$355,000 and non-manager fees expenses were \$235,000. The investment return was \$17.8 million and that put the fund at \$197.9 million. There was a gain in July of about \$9.8 million which puts their loss for the fiscal year at \$14 million or 5% with two months to go in the fiscal year. The total fund return for the quarter was 10.03%.

There are no recommended changes in the fund's current managers. The Board approved to invest \$3 million of the City's quarterly contribution into equities since last month the lawsuit settlement amount was invested into the Richmond Capital TIPS allocation. The \$1.5 million will be used for the next month's payment of expenses and retirement benefits. Chairperson Huston asks if they recommend any changes in managers at this point.

AGENDA ITEM #13: Old Business.

SUMMARY: No Old Business was discussed.

AGENDA ITEM #14: New Business.

SUMMARY: No New Business was discussed.

The next Retirement Board meeting is scheduled for 8:00 A.M. on September 10, 2009 and will be located in the Youth Center War Memorial Auditorium.

There being no further business the meeting adjourned at 10:36 A.M.