

CORAL GABLES RETIREMENT SYSTEM

Minutes of April 22, 2009

Youth Center – Auditorium

405 University Drive

8:00 a.m.

MEMBERS:

A M J J A S O N D J F M A

APPOINTED BY:

Steven Naclerio	P P P - P P P E P P P P P	Mayor Donald D. Slesnick, II
Manuel A. Garcia-Linares	P E P - P P P P P P P P P	Vice Mayor William H. Kerdyk, Jr.
Tom Huston, Jr.	P E P - P P P P P P P E P	Commissioner Maria Anderson
Sal Geraci	P P P - P E P P P P P E P	Commissioner Rafael “Ralph” Cabrera
Leslie Space	P E P - P P P E P P P P P	Commissioner Wayne “Chip” Withers
Agustin Diaz	P P E - P P P E P P P P E	Police Representative
Troy Easley	P P P - P P P P P P P P P	Member at Large
Victor Goizueta	P P P - P P P P P P P P P	General Employees
Wayne Sibley	P P P - E P P P P P P P A P	Fire Representative

STAFF:

Kimberly Groome, Administrative Manager

Alan Greenfield, Board Attorney

Donald G. Nelson, Finance Director

Troy Brown, The Bogdahn Group

Dave West, The Bogdahn Group

A = Absent

E = Excused Absent

P = Present

GUESTS:

Charlie Becker, Fowler White

Marjorie Adler, Human Resources Director

Marc W. Werbin, Coral Gables Police Officer Retirement Trust Fund

Richard Naue, Coral Gables Police Officer Retirement Trust Fund

Ron Cohen, Attorney for Coral Gables Police Officer Retirement Trust Fund

Michael Chickillo, Coral Gables Firefighter Retirement Trust Fund

Chairperson Tom Huston calls the meeting to order at 9:24 a.m. Mr. Diaz was not present. There was a quorum present.

1. Roll call.

2. Employee Benefits:

(The Administrative Manager recommends approval of the following Employee Benefits.) (*Agenda Item 6*).

Retirement Benefits:

Retirement application of Wayne Flowers of the Automotive Department, 18 years and 8 months, Option 1, effective May 1, 2009.

RESOLUTION 3110
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
WAYNE FLOWERS

WHEREAS, Wayne Flowers has applied for retirement effective May 1, 2009, and,

WHEREAS, Wayne Flowers requests to take Option 1 with his last working day April 30, 2009.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Wayne Flowers retirement benefits under Option 1 as certified by the Actuary, the first day of every month, beginning May 1, 2009 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. Flowers' retirement application was made by Mr. Sibley and seconded by Mr. Easley. Motion unanimously approved (8-0).

DROP Benefits:

DROP application of Enrique Rios of the Police Department. Effective date April 1, 2009.

A motion to approve Mr. Rios' application for the DROP (Deferred Retirement Option Plan) was made by Mr. Goizueta and seconded by Mr. Sibley. Motion unanimously approved (8-0).

Vested Retirement Benefits:

Carlos Castillo, Building and Zoning Department (13 years, 6 months), effective at age 52, effective date June 1, 2013.

A motion was made by Mr. Goizueta and seconded by Mr. Sibley to approve Mr. Castillo's vested retirement application. Motion unanimously approved (8-0).

Buy Back of Prior City time, Other Public Employer Service, Military Service Time:

Application of Maurice Poirier of the Police Department requesting to buy back 1,727 days (4 years, 8 months, 20 days) of Other Public Employer Service Time with the Federal Government and 98 days (3 months and 10 days) of Other Public Employer Service Time with the Village of Pinecrest for a total of 5 years or 1,825 days.

A motion to approve Mr. Poirier's application to purchase 1,825 days of other public employer service time was made by Mr. Sibley and seconded by Mr. Space. Motion unanimously approved (8-0).

3. Attendance of the Coral Gables Police Officers Retirement Trust Fund and the Coral Gables Firefighters Pension Trust regarding the progress toward the successful completion and acceptance by the State Division of Retirement of the 2007 Annual Report. (*Agenda Item 8*).

Richard Naue, Chairperson for the Coral Gables Police Officer Retirement Trust Fund, informs that he is a trustee and as trustee has exposure in properly documenting the efforts of their Board and properly documenting their finances. The efforts of this Board and the City have fallen somewhat short. He wants to offer this Board any and all efforts and resources to assist getting the 2007 Annual Report finalized. Recently they sent over the \$93,000 check for the minimum benefits requirement for Police Officers. Those requirements and those funds come from the moneys they get from the State Funds. If they don't have the State Funds they are not capable to pay the Retirement System from the individual accounts from the members of their plan for the minimum benefits. They try to maintain a fiduciary responsibility to the members of their plan. They want to work with this Board to help in any assistance it needs to get the 2007 Annual Report finalized.

Mr. Space states that they have been having these problems with the State report for about three years and it seems to him that the auditors are not getting the job done. The Board is trying to get the report finalized but he doesn't know what else they can do as a Board to get it done. Mr. Huston explains that the difficulty they have is that the retirement fund is audited by the City auditors. They do not have separate CPA's doing an audit of the fund itself. He knows that is the concern from the State. If they had an auditor that was only responsible for auditing the Retirement System rather than the whole City he thinks they would probably find themselves in a much better position. Mr. Sibley points out that other plans that don't have this issue have an independent auditor to do their State report. Mr. Space asks why they can't have the auditors come in and talk to the Board so they can try and find a streamline to get this Annual Report done. Mr. Garcia-Linares agrees. He suggests they have the auditor for the City come to the next Board meeting to see what the issue is and then the Board can make a decision on whether or not they need to find an independent auditor.

Mr. Garcia-Linares appreciates that the 185 Fund has paid the Retirement System the \$93,000 but this fund is still owed about \$30,000 from the 185 Fund and he would like to know when the Retirement System is going to receive those moneys. Mr. Naue informs that approximately nine years ago when one of the first deficiencies came to light there

was an agreement with the City Manager and the members of the Board. At that time there was a deal that was reached to hold back those opportunity or legal costs that the 185 fund incurred at that particular time in order to resolve the concerns and problems toward those deficiencies. Mr. Garcia-Linares remarks that the same way the Police Board has a fiduciary responsibility so does this Board. They have a duty to the Retirement system to recover those moneys owed to the fund by the 185 Fund. Mr. Naue states that their payment for the 2007 Report which is in contention the State will release to them a check and they in turn pay the \$93,000 to the Retirement system. The report was due March 15th for the 2008 year so now this Board is already behind by living up to their responsibilities in submitting the report to the State in a timely, appropriate, documented and sufficient report to satisfy the State's needs and requirements by State statutes. When the 185 Fund gets the money from the State then they are able to pay the \$93,000 to the Retirement system and then they can together work on what they need to address regarding the \$31,000.

Mr. Sibley informs that every year the State report has been late and every year the Retirement Board has been promised by the City that the report is not going to be late again. They keep bringing up about how much an independent auditor will cost but the way the other systems do it is to have an independent auditor work hand in hand with the City to make sure the report is done in a timely manner. Every year there are promises that the report is going to be done on time and it is not. If they had an independent auditor that was working with the Administrative Manager and with the State this would not be happening every year. They are going on another year where the report is not done on time.

Mr. Nelson responds that this item has come up before. It is up to the Board to determine and select whether they would like the City's auditor to continue completing the Annual Report. The City's auditor has always performed the audit of the Retirement System in conjunction with the City's Comprehensive Annual Report and they need to do that in order to complete the Annual Financial Report to the State. The Board having an independent audit on their own in his view is not going to help the timeliness of getting the report out until the audit of the Comprehensive Financial Report gets completed. They can hire an independent auditor if they think the report will get out quicker. The auditors have been going through a conversion of their financial system through EDEN that has delayed the last two years. The first year was payroll and this year it is the financials. Until they can get back on a timely track where the financial audit can be completed by the end of December which was traditionally done then they can get the Annual Financial Report out by March 31st which is required. Right now they had to put an extension in for the City's Annual Financial Report so they are behind again because of the EDEN system. The auditors are confirming every number to make sure the reporting and the annual financial report is in agreement with the computer system and they are doing a lot of extra work to confirm that. The Board can hire an independent auditor. It is under their direction to do that but to have a separate independent auditor would not help with the timeliness of the report and it would add additional costs.

Mr. Huston suggests that sometimes if you have a subsidiary and that is audited separate from the main auditors there would be something in the letter that said "we have relied upon other auditors to supply this section" but the Board could have their own auditor and there would be a considerable savings from the City's audit because they would be relying on the Retirement's audit. He doesn't see this as a total duplication of costs but he does see a reduction in the fees the City would pay for their auditor. Is it possible since there would be a reduction that the City would subsidize an independent auditor? Mr. Nelson responds that the independent audit report of the Retirement system would be a separate report. The City's external auditor would have to do some due diligence of that report to have it included in the City's Comprehensive Annual Financial Report because it is a component unit and it is a fund that is part of the City's Comprehensive Financial Report

Mr. Space asks how many people are auditors for the City and why can't one of the people be assigned solely to the retirement plan. Mr. Nelson responds that they are. There is an assigned auditor that audits the details of the retirement system. Mr. Geraci states that until they get caught up with this computer system if it would be out of the question to hire their own auditor during this period of time just to get everything completed knowing it will be for a short amount time. Mr. Garcia-Linares doesn't think they need to hire anyone and suggests they have the auditor for the City come to the next meeting and have them explain what it is they do and they may find out that the auditor can't get to the retirement system until after they do the financials for the City. His concern is that they may tell the Board that until the City's audit is done they can't start on the retirement fund and if that is the case he doesn't care who they hire. If they can't start the retirement system's audit until the City's audit is done they aren't doing anything by hiring an independent auditor.

Mr. Naclerio comments that he used to work for a company that had different auditors for different operating companies regardless of the cost issue he is going to speak to the time issue. These auditors don't always agree on the points. They sit down and have meetings to try and agree on reports and their exceptions. So he wonders if their CPAs have considered that if they have more than one auditor would that slow things down rather than accelerate them.

Ron Cohen, Attorney for Coral Gables Police Officer Retirement Trust Fund, believes the Retirement System needs an independent auditor but that is not the only issue going on. It is not his intention to irritate the Board but the Police Fund needs to get the money from the State into their fund and the same for the Fire fund. They have one source of funding which comes from the State money. They don't get it on time year after year because the Retirement System can't get their report approved. The report is due on March 15th and the State reviews the reports in the order the reports are received. If the report is correct and there are no issues then the checks go out to the Police and Fire funds in the summer months. When they get the checks from the State they credit the individual accounts of their members. The report for 2007 has still not been approved and they should have received their money last summer. They are always getting the money late every year. The problem is there are accounting and reconciliation errors in

the Report. He thinks they will find in public pension funds of this size that an independent auditor is appointed. Mr. Space asks what is wrong with the Board hiring one of the auditors for the City to deal with the audit of the Retirement system. Mr. Cohen thinks it may deal with the level of independence the retirement system is getting. There are red flags in the annual reports that have gone to the State that raise concerns about what is happening with the trust fund in this plan. He believes that the City's contributions are \$1 million short for this year. If the contributions are \$1 million short for this year the City has missed two payments; January and April. It is the Board's job to get money into the plan. Mr. Garcia-Linares asks if the auditors have qualified this issue. Mr. Nelson responds that each year the City receives an opinion from the auditors and every year since he has been with the City they have received an unqualified opinion which is a clean opinion on all the funds in compliance with everything. Mr. Garcia-Linares clarifies that the auditors have always given the City an unqualified opinion. Mr. Nelson answers affirmatively. As to the contributions the Administrative Manager reports to the Board regarding all the funds received by the City. The City has been paying quarterly payments of the contribution. They were funding once a year but the State recommended they do quarterly payments and the City is doing that. The \$1 million that was mentioned is interest that has accrued because of the \$3.2 million that they funded in October and the actuary is saying that the \$1 million is a combination of the \$3.2 million plus the quarterly payments. Because the City is making quarterly payments they are incurring interest as opposed to making the one time contribution up front. He disagrees with that but it is a State requirement. The City cannot earn 7.75% on the City funds so they are going to go back to an annual City Contribution and doing away with the quarterly request by the State because it is costing interest. That is where it is accumulating.

A motion was made by Mr. Geraci and seconded by Mr. Goizueta to put out an RFP for an independent auditor and to keep that auditor until such time the City catches up with their computer system.

Discussion:

Mr. Greenfield informs that he has been working with Ms. Groome, Mr. Nelson, Mr. Cohen and the State. The response to the State went out yesterday. In the past Mr. Cohen has come to the Board and told his opinion that the Board should have an independent auditor. During those times Mr. Cohen indicated that he thought the Board was violating their fiduciary responsibility to the plan. The Board has always exercised their fiduciary responsibilities. The State has told them in writing that they strongly suggest the Board have an independent auditor. Patricia Shoemaker of the State told him that she did not believe the Board had done anything wrong relative to the handling of funds. She did say that there have been so many mis-calculations and things of that nature in the report and that raised red flags to the State as to the accuracy of the report. Mr. Garcia-Linares thinks that before they hire an independent auditor they should bring in the current auditor and speak with them about the issues the State has raised and figure out if it is a bookkeeping issue or if it is an audit issue and then decide whether or not to hire an independent auditor. He doesn't think they should just jump into hiring an independent auditor. Mr. Greenfield thinks that is a sound suggestion.

Mr. Huston informs that he has been on this Board for eight years and they have been having the same discussion for eight years. Originally he thought they could just rely on the City auditors but it is a question they never seem to improve so maybe they should take another look at it.

Ms. Groome informs that she spoke with Keith Brinkman at the State yesterday. It turned out that the original report that was submitted for 2007 and prepared by the auditors really only had one mistake on it and that was the \$3.2 million dollars. The auditor originally reported it as \$3,039,000 which is the amount they received from the actuary. When the City and the Retirement System received the Actuary Report for 2008 the number changed to \$3.2 million and the City paid that amount. When the State found out that the City paid \$3.2 million the State wanted that amount in the report. All the changes the State has been telling her to make should not have been changed. There was only one issue. She was getting information from the State's accountant on how to report the receivable and credit for the amount paid by the City in the report and that information was not correct. She only received correct information yesterday from Mr. Brinkman and that is the information sent out to the State yesterday.

Marc Werbin thinks that when an auditor continues to make bookkeeping and accounting errors the only reasonable course of action is to go to an outside and independent auditor.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Space to table the question until the Board has heard from the City's auditor.

Discussion:

Mr. Garcia-Linares thinks they should hear from the City's auditor before the Board makes a decision to hire an independent auditor. Mr. Geraci asks why they don't put out an RFP. Mr. Goizueta agrees. They aren't going to hire anyone now but they can just get the process started. Mr. Space doesn't disagree but why not hire someone from the firm that the City has? No one has said anything that hiring someone from the auditors for the City cannot be done. Mr. Sibley thinks they can do both at the same time. They can have the City's auditor at the next Board meeting and start the RFP process for an independent auditor. Mr. Garcia-Linares wants the partner on the audit at the meeting. Mr. Huston asks if Mr. Geraci is aware that there is a motion to table the motion for an RFP. Mr. Geraci responds that if Mr. Garcia-Linares' motion to table his motion will move this issue along then he is in agreement and will withdraw his motion. Mr. Huston explains that the motion for RFP has been withdrawn.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Goizueta to have the partner in charge of the City's audit appear before the Board at the next meeting and that Ms. Groome begin to draft an RFP for an independent auditor. Motion unanimously approved (8-0).

Mr. Huston suggests that the representatives of the Fire and Police attend the next meeting with the auditors to express their concerns.

Mr. Sibley left the meeting at this time.

4. Approval of the Retirement Board meeting minutes for March 12, 2009. (*Agenda item 2*).

A motion was made by Mr. Goizueta and seconded by Mr. Naclerio to approve the meeting minutes of March 12, 2009. Motion unanimously approved (7-0).

5. Approval of the Retirement Board/City Commission Workshop minutes for March 24, 2009.

A motion was made by Mr. Naclerio and seconded by Mr. Space to approve the workshop meeting minutes of March 24, 2009. Motion unanimously approved (7-0).

6. Items from the Board attorney.

Mr. Greenfield reports on the Piñon issue. He understands that the Piñon issue is scheduled to be on the next Commission agenda for the Commission to discuss the settlement that has been reached between the City and Mr. Piñon. Mr. Naclerio asks if there is an agreement in principal. Mr. Greenfield understands that there is. The Board is not bound by what the Commission does. It still has to come before the Board for the Board to accept or reject it.

Mr. Greenfield informs that they have another transition manager, CAPIS, and they have concluded the negotiations to an acceptable agreement that is in the mill to get signed. They don't necessarily need that transition manager now but it will be part of the transition manager staple they have now.

Mr. Greenfield states that they talked about the SPECTRUM investment with SunTrust and that is on the agenda for the Investment Committee. He contacted the FDIC in Washington, DC to satisfy himself that if they do make the investment if it will be fully insured by the FDIC if something happened to SunTrust. He was assured by the FDIC that the formula is the formula they use and it is based upon the interest of the largest participant in the plan and they take that person's percentile. If they made an investment in the plan and if something happens to SunTrust then the fund will be covered.

7. Report of Administrative Manager.

A motion to accept the following items of the Administrative Manger's report without discussion was made by Mr. Space and seconded by Mr. Goizueta. Motion unanimously approved (7-0).

1. For the Board's information, the amount of \$2,000,000.00 was dispersed from the Coral Gables Retirement Fund's bank account at SunTrust Bank for the payment of monthly annuities and expenses at the end of March 2009 for the April 2009 benefit payments.

2. For the Board's information, the following Employee Contribution check was deposited into the Retirement Fund's SunTrust Bank account:
 - Payroll ending date March 1, 2009 in the amount of \$72,909.10 was submitted for deposit on March 11, 2009.
 - Payroll ending date March 15, 2009 in the amount of \$86,875.01 was submitted for deposit on March 26, 2009.
 - Payroll ending date March 29, 2009 in the amount of \$70,272.72 was submitted for deposit on April 4, 2009.
3. For the Board's information:
 - Leona Dimitros passed away on February 26, 2009. She was receiving pre-retirement survivor benefits which began on January 1, 1989. Her benefits have ceased.
 - Dorothy Gardner passed away on March 7, 2009. She was receiving post retirement survivor benefits which began on May 1, 1999. Her benefits have ceased.
4. A copy of the detailed expense spreadsheet for the month of March 2009 is attached for the Board's information.
5. A copy of the Summary Earnings Statements from the Northern Trust Securities Lending Division for billing period February 1, 2009 to February 29, 2009 and March 1, 2009 to March 31, 2009 are attached for the Board's information.
6. Attached for the Board's information are the Statements of Pending Transactions and Assets as of February 28, 2009 and March 31, 2009 from JP Morgan.
7. Attached for the Board's information are the Statements of Settled Transactions from February 1, 2009 to February 28, 2009 and March 1, 2009 to March 31, 2009 from JP Morgan.
8. The Berwyn Group Death Check Verification Services dated March 3, 2009 is attached for the Board's information.
9. A copy of a check from the Coral Gables Trust Company in the amount of \$13,561.25 for the transfer of IRA back to Retirement System for Donald D. Slesnick II is attached for the Board's information.
10. A copy of a letter from Merrill Lynch regarding the settlement with the Securities and Exchange Commission is attached for the Board's information.

11. Attached for the Board's information is an article from the Wall Street Journal dated March 15, 2009 regarding increases in city governments' pension bills nationwide.
12. For the Board's information a copy of a letter from Randall Stanley informing the Board of the invoice sent to the City is attached.
13. Attached for the Board's information is the National Conference of Public Employee Retirement Systems (NCPERS) News Clips for April 14, 2009.
14. A copy of an email dated April 15, 2009 from Randall Stanley to Tom Huston regarding the unfunded actuarial accrued liability as of September 30, 2008 is attached for the Board's information.
15. Attached are copies of JP Morgan's email newsletters for March 9, 2009, March 16, 2009, March 23, 2009, March 30, 2009, April 6, 2009 and April 13, 2009 for the Board's information.
16. Information on the National Conference of Public Employee Retirement Systems (NCPERS) 2009 Annual Conference and Exhibition from May 1, 2009 to May 7, 2009 at Hyatt Regency Century Plaza in Los Angeles, CA is attached.
17. Copies of the City Beautiful e-News newsletters giving the latest news and information about the City of Coral Gables are included for the Board's information.

8. Submission of bills for approval. (Administrative Manager recommends approval of the following invoices).

The Department of Management Services Division of Retirement invoice #150491 dated March 3, 2009 for the cost for the City of Coral Gables to purchase past service for its employees at the Regular Class membership in the amount of \$33,602.44.

Ms. Groome informs that this invoice is the amount to be paid for Commissioner Cabrera and the Mayor's retirement with the Florida Retirement System. Mr. Goizueta has an issue with this because according to the resolution that the Commission passed it said that the City would be paying for this and not the Retirement Board. Mr. Nelson explains that the elected officials passed an ordinance that allowed the elected officials, the Mayor, Vice-Mayor and Commissioners, the option to stay in the City's retirement system, to not be in any retirement system or to transfer to the State Retirement system. When that was passed the City was funding the Commissioner and the Mayor's future benefits in the current City retirement system. Commissioner Cabrera's retirement funds are in the Coral Gables Retirement System and the Mayor elected to be outside of the Coral Gables Retirement System. The Mayor's funds were transferred from the outside fund to the Coral Gables Retirement System and therefore all funds should go from the Coral Gables Retirement System to the State Retirement System to fund those individuals and not the

City. It is a transfer from retirement fund to retirement fund. Mr. Garcia-Linares clarifies that it is not costing the retirement system money. Mr. Nelson agrees.

Mr. Goizueta asks how much money did the Commissioner and the Mayor contribute to the fund. Mr. Nelson responds that the Commissioners and the Mayor do not contribute to the fund. There was a transfer of \$13,000 that was reported in the Administrative Manager's Report which was a separate fund that the Mayor had that was outside the City and the City was contributing to. That has been transferred and closed and those funds have been put into the Coral Gables Retirement System to fund the amount going into the State for the Mayor.

Mr. Space asks how much the State wants. Mr. Nelson responds that the State wants \$33,602.44 for the Commissioner and the Mayor. That amount is what the State requires as a contribution into the Florida Retirement System. Ultimately the amount that has to be made up comes from the City's contribution anyway to fund the Coral Gables Retirement System. Mr. Space states that the Mayor's amount was the \$13,000. How much was the commissioner's amount? Mr. Nelson replies that amount would have to be individually calculated because it is not calculated on an individual person it is calculated as a whole for all employees. Mr. Greenfield understands what Mr. Nelson is saying that in the end everything comes out of the City's fund but they constantly have these questions by the State about reconciliation. He is concerned that they don't get hung up again with a line item that doesn't match up with what the State is looking at for the Annual Report. Maybe this is something when the auditor comes in at the next meeting they can ask them how they handle it. Mr. Garcia-Linares asks if they can defer this bill payment until the next meeting. Ms. Groome informs that the amount is not due to the State until June 30, 2009.

A motion was made Mr. Garcia-Linares and seconded by Mr. Naclerio to defer the payment to the Florida State Retirement System for Commissioner Cabrera and the Mayor until the May meeting. Motion unanimously approved (7-0).

Sir Speedy Printing and Marketing Services invoice #99740 in the amount of \$558.25 and invoice #99750 in the amount of \$735.00 dated April 2, 2009 for a total of \$1,293.25 for the cost of copying information for the City Commission/Retirement Board workshop.

Mr. Garcia-Linares asks Mr. Nelson why this bill should not be paid by the City since the City paid the actuary for their preparation of their report. He thinks that this item and the Joan Bailey bill should be paid by the City and not the Board. The City Commission asked for this workshop so they should pay the cost. Mr. Nelson informs that they can do that. Chairperson Huston asks Ms. Groome if she will withdraw the two submissions of bills since the City has agreed to pay for them. Ms. Groome answers affirmatively.

This item was withdrawn. Joan Bailey & Associates invoice #44685 dated March 30, 2009 in the amount of \$907.00 for the attendance of a court reporter for the City Commission/Retirement Board workshop on March 24, 2009 and invoice #44744 dated

April 10, 2009 in the amount of \$1309.00 for the attendance of a court reporter for the Shade meeting on April 10, 2009 for a total amount due of \$1,406.00.

Alan E. Greenfield invoice dated April 14, 2009 for legal services from October 21, 2008 to April 14, 2009 in the amount of \$17,673.00.

A motion was made to approve Alan Greenfield's invoice in the amount of \$17,673.00 by Mr. Garcia-Linares and seconded by Mr. Naclerio. Motion unanimously approved (7-0).

Stanley Holcombe and Associates invoice no. 3608 dated April 10, 2009 for actuarial consulting services from January 14, 2009 through April 3, 2009 in the amount of \$5,228.00. This invoice is in accordance with the contract between Stanley, Holcombe & Associates and Coral Gables Retirement System signed on December 17, 2008.

A motion was made to approve Stanley Holcombe and Associates invoice in the amount of \$5,228.00 by Mr. Goizueta and seconded by Mr. Garcia-Linares. Motion unanimously approved (7-0).

Mr. Naclerio asks about the issue regarding Chairperson Huston and the eight year term limits for the Board and the change in the ordinance. Since Commissioner Anderson won re-election he wants to know what is going on to retain the services of the Chairperson. Mr. Nelson informs that this issue was addressed at the workshop they had with the Commission whereby the term limits of the eight year board was raised. Commissioner Anderson and Commissioner Cabrera won re-election. The summary of that workshop was that they were going to take the ordinance and address it. There were two thoughts by the Commission. One is they would address the terms individually and not have it where they would have the Board as the whole retirement board have unlimited terms. So the board members stay on until they are replaced by their appointed official. The Commissioners will be reappointing members of all their Boards in May. He believes the sentiment of the Commission is to take the eight year term limit individuals and address them one at a time.

9. Investment Issues.

Dave West informs that they are reporting good news for March. Bottom line all added in they added to the fund about \$4 million for March. The March quarter was largely influenced by policy proposals for the lack of certainty and clarity surrounding those policy proposals. Clearly the market had discounted the recession and the economic demise for 2008. The point to make for the period is as the quarter evolved they have seen more certainty come out in the programs and as a result they had a positive market reaction to what transpired.

Mr. West states that they have seen a slight increase in orientation toward the mid-cap equity allocation through the active domestic equity managers and a slight decrease in the mega-cap equity allocation. Most notable change comes from MD Sass. MD Sass requested and was utilizing a very high amount of cash. MD Sass has made the decision to start investing that cash and they have brought that number down. Specifically they

sought investments in technology and energy stocks. That is a significant change for them as far as their position. They are sighting a tightening of credit spreads and general improvement in their opinion in what they see going on. That is the manager they are looking at the most significant change. The Secretary of the Treasury's bank rescue plan has some potential opportunity for the public/private investment participation. They are very actively involved with a couple of different product managers. They are looking at ways they may or may not bring forward a recommendation to participate in the relief program that pertains to the asset backed CMBS or basically the stressed backed securities. There is a potential opportunity here but they want to make sure they are examining it closely.

Mr. West informs that the Baring international fund was funded on April 1st. Baring replaced Alliance Bernstein. At the end of March the total fund was at \$178,422,888 and the aggregate return on investment was \$4,309,070. The total fund for the month earned 2.47% and for the quarter there was a decline 5.7% and year over year number for the period ending March there was a decline of 26.91%. The bulk of the benefit for March the recovery came in equities at 8.63% coming from their aggregated domestic equity portfolio. International equity was also positive and the aggregate results there were 5.65%. The total fixed income was at .66% versus the aggregated index of 1.98%. Regarding real estate, the property write downs are catching to all the major providers right now and the fund came in at 13.03%.

Chairperson Huston asks for the Board to be briefed on where they stand with the JP Morgan withdrawal of funds. Mr. Brown responds that he does not have a lot of information to report. They should have an official figure for the Board at the next meeting. The queue is up to \$2.3 billion and there were no significant sales during the period. There is no transaction volume at all. It is still generating positive cash flow. The queue of 18 to 24 months to withdraw has not changed.

Mr. Garcia-Linares left the meeting at this time.

Mr. West informs that he received proposals back from both fixed income managers for the TIPS allocation which is a passive allocation. They agreed to a 5% target of that space. Richmond Capital came back with a \$10 million to \$20 million mandate at 10 basis points fee. JKMilne came back with 25 basis points. Both managers are very capable of handling this allocation. They are recommending the lowest cost approach and to their knowledge they can find and also utilize the current manager. They would take care of it on an individual bond basis and they have full transparency and know where they are custodied. TIPS are very fluid and liquid securities and it is a very easy mandate for Richmond Capital to take care of for the fund. Richmond Capital's proposal was the least cost they found. The recommendation is to retain Richmond Capital for the TIPS mandate which would be funded at a 5% allocation which is about \$8 million. The Board already approved this allocation.

A motion was made by Mr. Goizueta and seconded by Mr. Space to retain Richmond Capital for the TIPS mandate for the fund.

Discussion:

Mr. Geraci asks where they are going to get the money from. Mr. West answers that they will have the two bond managers split the assets 50/50 and they will allocate a pro-rata share to the TIPS allocation. Chairperson Huston asks if Mr. Nelson is in agreement with this recommendation. Mr. Nelson answers affirmatively.

Motion unanimously approved (6-0).

10. Old Business.

Chairperson Huston states that at the workshop with the Commission the Mayor brought up again the RFP for both attorney and actuary. He thinks the Board told the Mayor that they were very happy with where they are and where they stood and that seemed to let the issue die so unless someone on the Board brings up the issue again it is off the table.

11. New Business.

Chairperson Huston informs that he spoke in front of the Ponce de Leon Development Group on the status of the fund and the underfunding that they had reported from the actuary.

Set next meeting date for Thursday, May 14, 2009 at 8:00 a.m. in the Youth Center Auditorium.

Meeting adjourned at 11:27 a.m.

APPROVED

TOM HUSTON, JR.
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
RETIREMENT SYSTEM ADMINISTRATOR