

CORAL GABLES RETIREMENT BOARD
EXECUTIVE SUMMARY OF MINUTES

MEETING DATE: November 10, 2011

MEETING LOCATION: Youth Center Auditorium

Meeting called to order by Chairperson Troy Easley at 8:09 A.M.

Board Members in attendance: Troy Easley, Donald R. Hill, Daniel DiGiacomo, Manuel Garcia-Linares, James Gueits, Sal Geraci and Raul Chao. Randy Hoff and John Lindsay were excused. Staff in attendance: Kimberly Groome, Administrative Manager; Diana Gomez, Trustee; Alan E. Greenfield, Board Attorney; Troy Brown and Dave West, The Bogdahn Group. Guests in attendance: Richard Sicking, Esquire; Rushant Sanathara and Kevin M. Gray, PIMCO.

AGENDA

1. Roll call.
2. Approval of the Retirement Board meeting minutes and Executive Summary for October 13, 2011.
3. Report of Administrative Manager.
4. Approval of Employee Benefits.
5. Submission of Bills.
6. Items from the Board Attorney.
7. Request from Richard Sicking on behalf of Frank Pascarella, service connected disability retiree, regarding a question about his salary at the time of date of his accident.
8. Presentation on benchmark and flash report.
9. Investment Issues.
10. Old Business.
11. New Business.

SUMMARY OF MINUTES IN ORDER AS DISCUSSED

AGENDA ITEM #2: Approval of Minutes and Executive Summary

SUMMARY: The minutes and executive summary minutes for October 13, 2011 were unanimously approved.

AGENDA ITEM # 3: Report of the Administrative Manager.

SUMMARY: The Board approved the Administrative Manager's report without discussion.

AGENDA ITEM #4: Employee Benefits.

SUMMARY: The Board approved the employee benefits for Boriana Cloutier, Stephen Rogers, Michael James Grant, Antonio Silio (DROP); Orlando Munoz and Joseph York (Other Public Employer Service Time).

AGENDA ITEM #5: Submission of Bills

SUMMARY: The Board approved the Goldstein Schechter & Koch and Nyhart invoices.

AGENDA ITEM #7: Request from Richard Sicking on behalf of Frank Pascarella, service connected disability retiree, regarding a question about his salary at the time of date of his accident.

SUMMARY: Mr. Sicking informed the Board about a possible discrepancy in a disability-retiree's monthly benefit.

AGENDA ITEM #6: Items from the Board attorney.

SUMMARY: No items were discussed.

AGENDA ITEM #9: Investment Issues.

SUMMARY: Rushant Sanathara and Kevin Gray of PIMCO made a presentation to the Board regarding investing into PIMCO's DiSCO 2 fund. The DiSCO (Distressed Senior Credit Opportunities) 2 story started in 2008 with the DiSCO 1 product during the financial crisis. Structured credit includes residential mortgage backed securities, commercial mortgage backed securities and asset backed securities which is largely student loans, auto loans and credit cards. It is the very top of the capital structure for a fund like this, not the lower tiers. It is an opportunity that is for two to four years. There is a one year lock up with quarterly liquidity. The objectives are 10% to 12% returns net of fees. If there are conditions where the client does not get 10% to 12% returns PIMCO will return proceeds to their clients and tell them that this product is not something they can ethically charge a fee to continue to managing the portfolio in order to get the client the returns they are expecting. The structure of the fund was reviewed. PIMCO has a strong track record in these mortgage and asset backed opportunistic strategies. The initial investment is a minimum of \$5 million. The leverage is typically in the range of two to three times. The time frame is open-ended but it is a two to four year type of opportunity. The Board Attorney informs that there is no legal impediment for making this investment and the investment policy does not prohibit the Board from investing into this type of vehicle. Mr. West informed that The Bogdahn Group's standing recommendation was for an investment of 5% of total assets or \$12 million into the fund. The Board approved investing into this fund (5-2) with Mr. Chao and Mr. Geraci dissenting. Mr. Garcia-Linares asked Ms. Gomez her recommendation as to how much the Board should invest into the fund. Ms. Gomez responded that she would only be able to go with the recommendation of the advisors of putting the 5% of total assets or \$12 million into this new investment. The Board approved investing \$12 million into the fund (5-2) with Mr. Chao and Mr. Geraci dissenting.

AGENDA ITEM #10: Old Business.

SUMMARY: The Board discussed the issue regarding the Trustee. The item was deferred to the January meeting until more information was obtained regarding the views of the Commissioners.

12. **AGENDA ITEM #8:** Presentation on benchmark and flash report.

SUMMARY: Mr. Chao made a presentation regarding benchmarking and the flash report. The Board agreed to try out the new layout of the flash report at the next month's meeting.

13. **AGENDA ITEM #9: Investments (continued).**

SUMMARY: Dave West of The Bogdahn Group reported on the investments. October was a huge rebound month. The plan earned 6.25% for the month of October. All the management performance that lagged in the September quarter reversed during October and brought the managers back in line. It was a great start for the new fiscal year. There were eight adjustments of significance for the fiscal year: changing Aletheia and adding Wells Capital; adding an additional real estate allocation; adding two managers with managed futures and diversifying into global bonds with two additional managers. The plan finished in the top ten percentile for fiscal year ending 9/30/2011. There were three compliant issues discussed.

14. **AGENDA ITEM #11: New Business.**

SUMMARY: The amount of the City Contribution was discussed. Mr. Chao compared the vote the Board approved regarding the new investment with the Madoff investments.

The next regular Retirement Board meeting is scheduled for 8:00 A.M. on January 19, 2012 and will be located in the Youth Center Auditorium at 405 University Drive.

There being no further business the meeting adjourned at 10:14 A.M.