

CORAL GABLES RETIREMENT SYSTEM  
 Minutes of May 17, 2018  
 Police Community Meeting Room  
 2801 Salzedo Street – Police Station Basement  
 8:00 a.m.

| MEMBERS:                 | M  | J  | A  | S  | O  | D  | J  | F  | M  | A  | M  | APPOINTED BY:                       |
|--------------------------|----|----|----|----|----|----|----|----|----|----|----|-------------------------------------|
|                          | 17 | 17 | 17 | 17 | 17 | 17 | 18 | 18 | 18 | 18 | 18 |                                     |
| Andy Gomez               | P  | P  | P  | P  | P  | P  | P  | P  | P  | P  | P  | Mayor Raul Valdes-Fauli             |
| James Gueits             | P  | P  | P  | P  | E  | P  | P  | P  | P  | E  | P  | Vice Mayor C. Quesada               |
| Javier Baños             | -  | -  | P  | P  | P  | P  | P  | P  | P  | P  | P  | Commissioner Michael Mena           |
| Michael Gold             | E  | P  | E  | P  | P  | P  | E  | P  | P  | E  | E  | Commissioner Patricia Keon          |
| Rene Alvarez             | P  | P  | P  | E  | P  | P  | E  | E  | P  | E  | P  | Commissioner Vince Lago             |
| Joshua Nunez             | E  | P  | E  | P  | P  | E  | P  | P  | P  | P  | P  | Police Representative               |
| Randy Hoff               | -  | -  | -  | -  | -  | -  | P  | P  | P  | E  | P  | Member at Large                     |
| Carlos Fleites           | P  | P  | P  | P  | P  | P  | P  | E  | P  | P  | P  | General Employees                   |
| Troy Easley              | P  | P  | P  | P  | P  | E  | P  | P  | P  | P  | P  | Fire Representative                 |
| Diana Gomez              | P  | P  | E  | P  | P  | P  | P  | P  | P  | P  | P  | Finance Director                    |
| Raquel Elejabarrieta     | P  | P  | P  | P  | P  | P  | P  | P  | P  | P  | P  | Labor Relations and Risk Management |
| Manuel A. Garcia-Linares | P  | P  | P  | E  | E  | P  | P  | P  | P  | P  | P  | City Manager Appointee              |
| Pete Chircut             | P  | P  | P  | P  | P  | E  | P  | P  | P  | P  | P  | City Manager Appointee              |

STAFF:

Kimberly Groome, Administrative Manager  
 Ornelisa Coffy, Retirement System Assistant  
 Alan Greenfield, Board Attorney  
 Dave West, AndCo Consulting  
 Pete Strong, Gabriel Roeder Smith

P = Present  
 E = Excused  
 A = Absent

GUESTS:

Miriam Ramos, City Attorney  
 Jim Linn, Lewis Logman & Walker  
 John Baublitz, FOP Lodge #7  
 Harry Pickering, CGPD Retiree  
 Tom Zelenak, IAFF 1210  
 Mike Chickillo, IAFF 1210  
 Timothy Daniels, CGFD Retiree  
 Raoul Cantero, White & Case LLP  
 Ron Cohen, Rice Pugatch Robinson & Schiller  
 David Vargas, IAFF 1210

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1. Roll call.  
Chairperson Gomez calls the meeting to order at 8:02 a.m. There is a quorum. Members not in attendance at the start of the meeting are Mr. Garcia-Linares, Mr. Chircut, Ms. Elejabarrieta and Mr. Gold who is excused.

2. Consent Agenda.

*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 April 12, 2018.

Chairperson Gomez announces that all members have the minutes from the last meeting and asks if there are any questions or comments. Mr. Banos announces that he had a correction. He explains that what he meant was not accurately written in the minutes. Chairperson Gomez advises Mr. Banos to please get with Ms. Groome to explain where the changes are to be made.

**A motion was made by Mr. Banos and seconded by Mr. Alvarez to approve the April 12, 2018 minutes. Motion unanimously approved (10-0).**

- 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 \$7,900,000.00 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 April 2018 for the May 2018 benefit payments and May 7, 2018 COLA Settlement benefit checks.

2. For the Board's information, the following Employee Contribution check was deposited into the Retirement Fund's SunTrust Bank account:

- Payroll ending date April 1, 2018 in the amount of \$180,633.22 was submitted for deposit on April 13, 2018.
- Payroll ending date April 15, 2018 in the amount of \$182,883.71 was submitted for deposit on April 23, 2018.

3. A copy of the detailed expense spreadsheet for the month of April 2018 is attached for the Board's information.

4. Attached for the Board's information is a report from the Berwyn Group showing that no death records were found from the current list of retirees' Social Security numbers as of May 10, 2018.
  5. For the Board's information, various articles regarding gun divestment are attached.
- 2C. The Administrative Manager recommends approval of the Retirement Benefit Certifications for Theresa Silverio-Molina and Terry Robinson.
- 2D. The Administrative Manager recommends approval of the application for employee Janesse Soto of the Police Department requesting to buy back 1,825 days (5 years maximum) of Other Public Employer Service time.

Chairperson Gomez moves on the Consent Agenda. Mrs. Groome is asked if she would like to make any comments. Ms. Groome declines to add any comments

**A motion was made by Mr. Hoff and seconded by Mr. Banos to approve the Consent Agenda. Motion unanimously approved (10-0).**

3. Comments from Retirement Board Chairperson.

Chairperson Gomez congratulates the City on receiving their Triple A rating. He announces that since there was not a quorum at the Investment Committee meeting there were recommendations made for both firms who replied to the RFP to present before the Board. They will each be given twenty minutes each to complete their presentations. He explains that the twenty minutes will include time for questions from the Board. However, he does not want to go at length with questions since there is a very busy Agenda. Mr. Alvarez informs that he is refraining from voting because one of the vendors is his personal CPA. Chairperson Gomez believes Mr. Garcia-Linares also has a conflict. Each Board member has been given score sheets to be filled out after the presentations to determine which vendor will be chosen.

Mr. Garcia-Linares and Mr. Chircut arrive to the meeting at this time.

4. Items from the Board Attorney.

Mr. Greenfield greets the Board. He and Ms. Groome have been working on several items. There have been a few QDROs they are working on. They try their best to assist the plan participants with their QDROs so that they can be administered by the Retirement Office. They have also been working on claims with two estates. One of the estates is expected to payout in June for the amount of \$3,674.00. There is another claim for \$2,590.44. Arrangements for that claim have been made to be paid at \$100 a month. The claim in probate will not be released and it will be made sure that all monies are received before being taken out of probate.

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Mr. Greenfield informs that he has been discussing office space with Ms. Groome again. He is in touch with the Kerdyk office and the agent is a retiree of the City. They are working with Ms. Groome to find office space. Once it is done, he will move forward in trying to come to an agreement and then will bring it to the Board.

At the last meeting, they discussed a provision in the Ordinance dealing with the payment of annuities. There was an understanding that there was a 5-year certain if something was to happen to the retiree. The City has determined that the Board was not following the Ordinance. There was a question if past practices in the administration by the Board in some way entitle the Board to continue that practice. In his opinion, he does not believe the actions of the Board in making payment created a past practice that is binding on the City and is not binding upon the Board. He believes the Board has the obligation to follow the Ordinance. If the Board decided they would not like to follow the Ordinance it would need to be taken up at a Commission meeting and there would need to be discussions as to whether or not the Ordinance should be followed. He states that Ms. Groome did some research and in his recollection there was never a meeting or any Board action regarding the 5-year certain. It was simply that was how the administration before Ms. Groome became the administrator was handling normal retirement. He recommends that the Retirement System does not continue with the past procedure. Since there was no motion made to approve the procedure he believes a motion does not need to be made. He also believes it would be unfair to go back to the recipients and ask that for money to be returned. Mr. Ramos thanks Mr. Greenfield for his comments. She believes there does need to be a vote later because the City has requested a few things that the Retirement System should comply with moving forward. She appreciates Mr. Greenfield's research and opinion to comply moving forward.

Mr. Banos asks if Ms. Groome was unable to find an actual vote by the Commission to make the change. Ms. Groome replies that she reviewed the minutes and there was no discussion on it. The item was passed by the Commission with no discussion because it was a collective bargaining issue. Mr. Banos states that when this type of thing happens and the Retirement System has laid out a significant amount of cash and has made assumptions in reporting based on past practices, Mr. Greenfield told him when they last spoke that he did not realize that there had been a modification to the Ordinance even though it was part of the agenda. He asks Mr. Greenfield what is it that he does as the Board Attorney to guide the Board on how the plan is to be administered based on what the Ordinance says. In his opinion this is Mr. Greenfield's responsibility. He wants to know how he monitors changes in the Ordinance. Mr. Greenfield replies that he would be happy to sit and talk with Mr. Banos about it. Mr. Banos states that Mr. Greenfield should not speak to him individually but to the full Board. Chairperson Gomez comments that he does not want to get into an argument with "he say she say" or what and how things were done in South Miami. That is not important to him or the Board as long as he is the Chairperson. In reference to Mr. Banos' question on the Board Attorney's procedure when Ordinance changes are made and new Ordinances are past he feels that is a fair question. Mr. Hoff points out that there are many people waiting on agenda items to be covered. Chairperson Gomez would like to receive an answer and then they can move on. He asks for Mr. Greenfield to respond to the question regarding his procedure when

ordinance changes are made. Mr. Greenfield explains that when matters are placed on the Commission agenda, Ms. Groome notifies him. In the past he would contact former City Attorney Craig Leen and ask that a draft copy of the ordinance be forwarded to him. He has not had this to occur with Ms. Ramos except for the COLA settlement. Chairperson Gomez adds that when Mr. Gueits was chair that was an issue he had. Mr. Greenfield continues that Mr. Leen had promised that he would run them by the Retirement Board so he does have a process and tries to discuss any changes with the City to see if he can have an input. He believes he is doing everything he can do. Chairperson Gomez is sure that the City Attorney will ensure that these practices do not fall through the cracks of her office. Ms. Ramos comments that her office would be happy to send the changes to Mr. Greenfield.

Chairperson Gomez comments for the record that Ms. Elejabarrieta has requested to delay Agenda Item 5 as she is not able to arrive to the meeting until 8:30 which is ten minutes away however, he does not think he will be able to wait for her. There are too many people present for that item and they have a full agenda.

Mr. Garcia-Linares states that he spoke to the Board Attorney and he will need to recuse himself on Agenda Item 7 because he represents both accounting firms.

5. Revisit 2018 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, 2017 was calculated to be 14.5%. Therefore, the cost of living increase is eligible to be granted on January 1, 2018 in the amount of 2.25%.

Chairperson Gomez states that there was a lot of misunderstanding on this agenda item at the last meeting. It is his understanding that he has the ability to make a motion to bring this issue back to be revisited.

**A motion was made by Chairperson Gomez and seconded by Ms. Gomez to revisit the 2018 COLA determination letter submitted by Gabriel Roeder Smith. Motion unanimously passes.**

Mr. Greenfield explains that he did not believe that the issue needed to be revisited based on the discussions that took place at the prior meeting. He advised the Board that it was the Board's discretion to either grant or not grant the COLA. At that time he did not realize that the ordinance the City passed adopted the settlement agreement filed by Mr. Cohen had been passed by the Commission. He received the package the day before the meeting. Had he been aware he would have told the Board at that time under the terms of the ordinance and the agreement that the Board was required to approve the COLA. He did not tell the Board and apologies for his error. It is his recommendation that the Board pass the COLA in accordance with the previous ordinance.

**A motion was made by Mr. Hoff and seconded by Mr. Easley to approve the 2018 COLA in accordance with the previous ordinance.**

**Discussion:**

Ms. Ramos states that an important detail to be added is that there are two different groups of people and there should be different votes for each group. One group is the individuals who filed the lawsuit and are in the lawsuit and are members of the class action. The other group is GAP members which are members whom they believe are somewhere in the middle either vested or in the DROP. Then there are those who are not vested and do not belong to either the class action or are GAP members and these members fall under non-class members. Mr. Greenfield clarifies his recommendation to be for members of the class.

Mr. Banos comments that he has several issues. The first being that there should be two clear votes and make a clarification that Chairperson Gomez's reconsideration of the prior vote was only for class members and then two clear votes for GAP and Non-class members and for Non-class members to be denied the COLA. Secondly, he explains that both Mr. Cantero and Mr. Cohen are present and if there are any questions that they are heard so that all Board members understand the nature of this issue. He specifically asked of the City Attorney and the Board Attorney at the last meeting if the Board had a choice regarding their vote. For the Board Attorney to say that he was unaware of what was going on is frustrating to him. Chairperson Gomez comments that it's water under the bridge. He asks for Mr. Banos to get to his point. Mr. Banos states that there are two positions. One is statutory and one is contractual and everyone should understand what the basis of analysis is. His perspective is to administer the ordinance and from a policy standpoint the decision has to be made on certain factors.

Mr. Cantero greets the Board. He explains that the reason for two votes are because in 2015 the Ordinance was amended to specify that if the plan has a negative actuarial experience then a COLA cannot be granted. The question was still for the 2013 and 2014 COLAs and that was the settlement. The settlement has been enacted in the ordinance. He reads the ordinance section regarding the alternative dispute resolution mechanism: "Future COLA's Alternative Dispute Resolution Mechanism. To resolve disputes among the parties about the conditions that apply and must be met to trigger future COLA's for the fiscal year ending September 30, 2017 and each year thereafter, the following procedures apply to the determination of such COLAs for as long as the alternative dispute resolution mechanism remains in effect. The Retirement Board will make a separate determination as to whether Class Members are entitled to a COLA and the amount of the COLA based solely on the factors identified in the 2013 version of Section 50-23(c) without regard to net Actuarial Experience. If the Retirement Board determines that Class Members should receive a COLA, and net actuarial experience is negative, the City Attorney may invoke the Alternative Dispute Resolution Mechanism by requesting a hearing before the City Commission within sixty (60) days of the Retirement Board's determination." Mr. Cantero explains that the litigation was heavily litigated on the eve of the summary judgement hearing and twice they entered into discussions and were able to cancel the hearing and postpone it pending settlement negotiations. The settlement negotiations lasted longer than the litigation itself and over 150 different drafts were

exchanged of a settlement agreement. Every word and every sentence was heavily negotiated on both sides and this is what they came up with.

Ron Cohen greets the Board. He represented the class in the litigation. He agrees with Mr. Cantero's previous comments and believes it was a fair settlement and the Court agreed. What happened at the last meeting as an honest misunderstanding. He has known Mr. Greenfield for years and believes it was an honest mistake. The Ordinance has been changed. The Retirement Board does not set benefits, the Commission does and this is a way they have decided to resolve this issue. In regards to Mr. Banos' comment that the Retirement Board is being told to ignore the statute, he does not believe that is the proper way to say it. There was argument over the understanding of what the Statute said and both parties decided not to get a decision on that and just to follow it and let it go to the Commission and let the Commission make the determination to pay it or not pay it. Mr. Hoff is asked to restate his motion.

**A motion was made by Mr. Hoff and seconded by Mr. Easley to approve the 2018 COLA for the class and GAP members.**

**Discussion:**

Mr. Banos wants to fully understand the motion made. Ms. Gomez states that there are three groups to consider and Mr. Hoff has made a motion to combine the class and the GAP members to be treated together. Mr. Banos ask if the GAP members are part of the litigation. Ms. Ramos responds that they are not but are being treated as a part of the class. Mr. Banos asks why they are being treated as part of the class. Ms. Ramos explains that it was a decision that made lot more sense. Mr. Banos asks if this is the Retirement Board's decision or is it a decision that is being imposed on the Retirement Board. He has read the ordinance and it only says Class Members. Ms. Ramos states that she understands that it only binds the Class Members. Mr. Cantero confirms and explains that the GAP members were not included because there is another legal issue with whether GAP employees, those who have announced retirement or in the DROP, and there is a legal issue with whether those persons are considered retired for purposes of obtaining the COLA. Rather than engaging in individual potential litigation with the employees the City has agreed to include them in this settlement. Mr. Strong asks how many GAP members there are. Mr. Baublitz answers 121. Mr. Banos asks how much will it cost. Mr. Strong responds that it has not been factored into the numbers. Ms. Elejabarrieta comments that if these are current employees this needs to be negotiated with the Union because some GAP members may be current employees. Mr. Banos estates that the Board is there to administer the plan and do so according to the ordinance and the ordinance says for class members they will follow certain guidelines and for everyone else there will be different guidelines. That is the process that should be taken.

Mr. Garcia-Linares asks if there is a settlement with the GAP members already. Ms. Ramos replies that the union's attorney reached out and said there are a number of people they believe have a vested interest and how do we treat those people. A Settlement Agreement was dawn up and members of the union have gone to each employee one by

one and obtained signed binding agreements with the understanding that they are giving up their right to sue the City in the future. They are essentially signing onto the provisions of the litigation. She has received over 80 percent of the signatures needed. Mr. Garcia-Linares asks Ms. Elejabarrieta what she was talking about. Ms. Elejabarrieta comments that it is in the ordinance that if there is an amendment of the ordinance for existing employees it would need to be ratified by the Commission. Ms. Ramos replies she doesn't think so. Ms. Elejabarrieta informs that she will speak with the City Manager and she would need to research the issue. Ms. Ramos replies that the groups can be separated into three. Mr. Banos asks Mr. Strong for a ballpark number of how much it would cost to add the GAP members. Mr. Strong replies that it will cost about \$2 million more. Chairperson Gomez asks Mr. Greenfield if he has any advice or concerns. Mr. Greenfield states that his opinion is that the Board should take a vote on the Class Members and to not include the gap members. Mr. Hoff restates his motion.

**A motion was made by Mr. Hoff and seconded by Mr. Easley that the Class Members be granted the 2018 COLA as calculated by GRS.**

|                                 |                                |                                |
|---------------------------------|--------------------------------|--------------------------------|
| <b>Mr. Alvarez – Yes</b>        | <b>Mr. Hoff – Yes</b>          | <b>Ms. Elejabarrieta – Yes</b> |
| <b>Mr. Chircut – Yes</b>        | <b>Chairperson Gomez – Yes</b> | <b>Mr. Nunez – No</b>          |
| <b>Mr. Easley – Yes</b>         | <b>Ms. Gomez – Yes</b>         | <b>Mr. Fleites – No</b>        |
| <b>Mr. Garcia Linares – Yes</b> | <b>Mr. Banos - No</b>          | <b>Mr. Gueits – Yes</b>        |

**Motion passed (11-1).**

Chairperson Gomez asks Mr. Greenfield on advice or concerns regarding the second issue. Mr. Greenfield states that on the second issue on whether the GAP members should be included it is his recommendation to not take that up today and have the actuary do the calculations to know exactly what that will cost. The board should know the cost of adding those members and that information is not known. Mr. Hoff disagrees. If there is a legal document that the City has created to include them in the class then they should be included and the Board has to treat them the same as the class members. Whatever the cost is the cost is and he doesn't see the relevance of that if the Board is obligated to approve it. The issue is not the cost but rather how do the GAP people fit into the Class. Mr. Hoff asks how the GAP people fit into the class. Mr. Easley agrees. If all the attorneys have agreed and the City is already on board with it and they are considered retirees it is the Board's obligation to proceed regardless of the cost. Mr. Garcia-Linares informs that his only issue is in regards to Ms. Elejabarrieta's comment and whether or not she needs to find out before the Board votes. He would like to table the vote for the GAP members until Ms. Elejabarrieta can confirm. If there is an amendment of the ordinance for existing employees it would need to be ratified by the Commission. Mr. Banos and Mr. Fleites agree. Mr. Fleites asks if the GAP members were included in the Teamster negotiations. Ms. Ramos replies that the Teamster representative knows about it and she has been working with both John Baublitz of the FOP and Mike Chickillo of the IAFF. They have been the ones who have been speaking with each member to obtain the individually signed agreements. She is unaware if anyone has said no. but more that there are people they have not found. Mr. Banos comments that this is a very fluid issue



and believes that the added debt should be considered. Mr. Gueits states that from his understanding the intention is for the City Attorney to present this to the City Commission to memorialize it. Ms. Ramos agrees and informs that the Commission has been briefed. Mr. Gueits asks if the ordinance will be amended. Ms. Ramos asks Mr. Linn if it is his opinion that the GAP members should be included in the ordinance. Mr. Linn answers affirmatively and believes the City should amend the ordinance to include the GAP members. Mr. Gueits states that if this will be included into the ordinance why not allow the Commission to include the GAP members and follow the proper legal procedure by allowing the Commission to amend the ordinance.

Ms. Gomez clarifies that the GAP members did not receive the retroactive COLA from 2013 and 2014 because they did not qualify for it and that they would only be granted the 2018 COLA if approved by the City Commission. Ms. Ramos agrees.

**A motion was made by Mr. Garcia-Linares and seconded by Mr. Gueits to table the decision to include GAP members into the COLA class action settlement. Motion unanimously passed (12-0).**

**A motion was made by Mr. Garcia-Linares and seconded by Mr. Banos to deny the 2018 COLA for non-class members. Motion unanimously approved (12-0).**

Chairperson Gomez asks for public comment on the above agenda item.

John Baublitz, FOP President, explains that the GAP members are either people in the DROP; people who have reached rule of 70 or retired before the ordinance change but were not part of the Class. The agreement would save both sides a lot of money and would save the City from another lawsuit. He asks for the Board to reconsider the vote on the GAP members because if the Commission grants the 2018 COLA the GAP members will not be included. He believes that when this news gets out those members will be upset.

Mike Chickillo, IAFF President, agrees with Mr. Baublitz. He also asks for the Board to reconsider the vote on the GAP members.

Harry Pickering, retired Police Lieutenant, thanks the Board members for their service on the Board. He asks for the members who are appointed by a Commissioner to please go back to their Commissioner and request that the 2018 COLA is granted. The last COLA granted was a 2.3% in 2008. It has been a long time and inflation has definitely destroyed many of the retirees.

Tim Daniels, retired Firefighter, thanks the Board for voting in favor of the 2018 COLA. Although it doesn't pertain to him he would like to speak in favor of reconsidering the vote for the GAP members. He understands the concerns of underfunding the Retirement System it is a legitimate concern however it is not the employees who caused the underfunded liability. It is a failure on the part of the City to provide sufficient funds year

in and year out. In that regard, he would like for the GAP members not be punished and to be added to the settlement.

Chairperson Gomez explains that the Board was asked to reconsider the GAP issue and asks if any Board member would like to make the motion to reconsider the vote on the GAP members. Mr. Hoff asks the City Attorney for her opinion. Ms. Ramos clearly explains that she cannot advise the Board on how to vote but she can explain timing wise that because the net actuarial experience is negative she will invoke within 60 days the alternative dispute resolution mechanism as part of the settlement agreement. It will then be placed on the Commission's June meeting agenda. If the GAP issue is deferred to the June meeting that will be happening at the same time. So a vote would need to be made in August for the GAP members and it would go to the Commission in September.

Mr. Garcia-Linares makes a recommendation to revisit the decision for the GAP members at the June meeting once the alternative dispute resolution mechanism has gone to the Commission for first reading.

Ms. Elejabarrieta asks the Board Attorney if the Board could even vote in favor of the GAP members since the Commission has not voted in favor of adding the GAP members. The Retirement Board administers the plan but they do not decide or provide benefits. Mr. Greenfield believes the Board could make that vote however he doesn't recommend it and would advise the Board to wait as it would be orderly to wait to see what the Commission decides in adding the GAP members to the settlement.

Mr. Alvarez states that he could see this issue being delayed. Chairperson Gomez then specifically asks for his next words to be added in the minutes. He is never running for office nor will he ever consider it. He is happy and lives in Coral Gables and so does his family partly for the tremendous service that the Fire, Police and General Employees provide. Yet at the same time he believes down the line, not pointing fingers at anyone, there has been very bad public policy made in the past. One of the things that concern him a great deal having sat on the Board for some time is sometimes they pass the bar. They pass the bar and keep passing the bar and the bars do come back. The elected officials do need to be held accountable for their actions rather than sitting on the fence. He takes into serious account Mr. Banos' point on the unfunded liability that the City of Coral Gables finds itself in. He adds that every meeting it seems they are waiting for Dave West, the investment consultant, to miraculously come up with a return that will make the fund catch-up and that's not going to happen. He is very concerned that they are going to pass the bar down to his children and grandchildren and they will end up paying a tax bill to make up for the mistakes made in the past. He for one, being appointed by the Mayor, can assure that he will be in his office speaking with him. He expects that the appointed Board members should also be having conversations with their Commissioners as well because if not, they are simply meeting on a monthly basis not really solving the problem yet the problem is here.

6. Continuation of the discussion regarding the application of the Normal form of retirement payment for the Retirement System (five year certain language).

Mr. Greenfield advises that he has already reported on the matter. Ms. Ramos comments that she would like to add what the city is requesting to be done.

Those requests are to:

- Direct the plan administrator and plan actuary to apply a life annuity as the normal form of benefit in all future estimates and calculations
- Direct the plan actuary to reflect and apply the life annuity as the normal form of benefit in future actuarial valuations, and identify the impact of the change on plan liabilities and contributions.
- The plan actuary should also be directed to review the plan document (section 46-19 through 46-273, Coral Gables City Code, available at the City website and at Municode.com), and confirm in writing that all provisions of the plan are being correctly applied in actuarial valuations and reports.
- Revising the summary plan description to reflect a life annuity as the normal form of benefit
- Revising all forms and other documents as necessary to reflect a life annuity as the normal form of benefit.

The City has expressed its preference as Mr. Greenfield has and prefers that plan members who have already retired, entered DROP, or reached normal retirement eligibility and received a benefit estimate not have their benefit recalculated.

**A motion was made by Ms. Gomez and seconded by Mr. Garcia-Linares to approve and follow all of the City's requests in the City Attorney letter dated March 26, 2018.**

**Discussion:**

Mr. Banos would like to see the financial affects this would have on the plan in the long run. Mr. Strong replies that it was included in the email that accompanied the Valuation. He adds that the total impact re-electing a life annuity going forward would be a reduction in the unfunded liability of \$223,169 as well as a reduction in the contribution requirement by \$34,486. Mr. Hoff asks Mr. Greenfield if he is recommending approving and following the City requests. Mr. Greenfield replies that in his opinion there is no need for a motion because there has never been a motion for the Retirement Board to adopt the practice. Ms. Gomez believes that a motion should be made so there is no attempt to go after those who have been paid and to just move forward.

Mr. Banos asks Ms. Ramos if she is absolutely sure that this went through collective bargaining and the appropriate process. Ms. Ramos calls on Mr. Linn to respond. Mr. Linn states that he has gone through all of the ordinances and to the best of his research he could not see that this was ever a collective bargaining issue. He believes the ordinance was adopted and for whatever reasons the actuary at the time it wasn't

reflected in subsequent evaluation. It was overlooked. For the record this will not affect Police and Fire. Ms. Elejabarrieta asks if the impact statement reflects the change. Mr. Linn replies that they could locate no impact statement.

**Motion unanimously approved (12-0).**

7. Presentation of the 10/1/2017 draft Actuarial Valuation report by Gabriel Roeder Smith.

Mr. Garcia-Linares doesn't believe there should be any discussion on this report until the Board has the new numbers. Ms. Gomez replies that she doesn't believe it will change. Mr. Strong confirms that it will not change. Mr. Garcia-Linares asks if the Class members are included in the reporting. Mr. Strong answers affirmatively. Mr. Garcia-Linares asks if the GAP members are included, Mr. Strong responds that they are not. There is no effect on the GAP members right now because they are not reflecting the 2.25% COLA right now because the report is as of October of last year. Ms. Gomez states that she would like to do the budget with the correct numbers. If there is something to that requires an impact statement it will be done and handled in the next budget year. Mr. Garcia-Linares comments that this is the issue they are kicking the can down the road again with regards to all the cost. Mr. Strong informs that whenever there is a change in benefits it requires an Actuarial Impact Statement. There have been a couple of impact statements done for the past year. Every time it supersedes the prior year's valuation results. The report does reflect the COLA and investment return assumption. It does not reflect future COLA because it was made clear that the actuarial net be taken into account because it is unknown how the Commission will treat the 4/5 majority vote. Once the Commission votes on the COLA, if the Commission approves it an impact statement will be made. Mr. Garcia-Linares believes that if the numbers are known ahead of time the Board can request for the City to fund ahead of time. He has been on this Board a very long time and has been dealing with the current issue for years. There have been changes and improvements but a continuous add-on to the unfunded liability. That will now not be discussed until 2019. Mr. Banos recommends amending the report to make an assumption as to what the Commission may do. Ms. Gomez points out that they have already made a decision on that issue and prefunding the COLA adds millions of dollars and will worsen the situation without even knowing what will happen.

Mr. Garcia-Linares believes it is more likely that the Commission will approve the COLA for both the Class members and the GAP members and he thinks it should be included in the reporting. Ms. Gomez replies that he should wait and see then. Mr. Garcia-Linares explains that was his reason in motioning to table this discussion.

Mr. Circuit comments that on the first page of the actuary report there is a difference between last year and this year of about \$2 million. The difference Mr. Garcia-Linares is speaking of will be added to those \$2 million. Mr. Garcia-Linares reiterates that the City will not be budgeting for it. Mr. Chircut replies that the City will have enough time to budget. Ms. Gomez replies that unless the required contribution goes above \$26 million then there are enough funds to cover the additional costs of the COLA if granted. Mr. Garcia-Linares thinks it is unacceptable because what Ms. Gomez is explaining that

regardless to what the Commission approves, the Retirement Fund will only receive \$26 million. Ms. Gomez corrects him saying that as of right now the City has the required minimum payment at \$25.1 million if the COLA is granted and it comes up to \$27 million the city will have. If the COLA is not granted then there will just be the \$26 million promised. Mr. Garcia-Linares adds that is his problem that additional benefits are being added and that number is not being added to the number the City has agreed to. The City has added to the debt but is not adding to the \$26 million. He thinks that amount needs to be increased and that the City needs to find the money. If he has to pay for it as a taxpayer then so be it. They have to take care of the unfunded issue. If the Commission votes in favor of the COLA and on the budget he wants them to know that the extra amount that was supposed to come in is not going to be coming in because they voted in favor of the COLA. They are causing the Retirement Fund to continue to have the unfunded liability. He wants the Commission and the public to know that. Ms. Gomez informs that when the City Attorney presents the COLA to the Commission, as the Finance Director, she will speak on the costs needed to grant the COLA. Mr. Strong asks the timeline of when the report is being tabled. Mr. Garcia-Linares states that if the Commission votes in favor of the COLA at their June meeting and if the Commission is going to second reading for the GAP members then the Board can direct Mr. Strong to revise the report and call a special meeting in July to handle the issue.

**A motion was made by Mr. Garcia-Linares and seconded by Ms. Gomez to table the presentation of the 10/1/2017 draft Actuarial Valuation report by Gabriel Roeder Smith. Motion unanimously approved (12-0).**

Chairperson Gomez steps outside to speak with the auditors presenting to the Board.

8. Investment Issues.

Dave West explains that he has only one action item. It is time to reload the index funds that are being used to rebalance. His recommendation is that they move \$3 million from J.K Milne, \$3 million from Richmond Capital move the \$6 million into the Northern Trust Aggregate Bond Index fund. Then to be consistent with the 60/40 stock bond allocation he recommends that \$10 million is moved into the S&P 500 taking \$5 million from Wells Capital and \$5 million from Eagle Capital.

**A motion was made by Mr. Banos and seconded by Mr. Gueits to follow Mr. West's recommendation. Motion unanimously approved (11-0).**

Mr. West reports on the investment performance for the month of April 2018. For the quarter they ended up with a positive return. They preserved their position on a fiscal year to date basis. The total fund net for the month is 0.27%; fiscal year to date is 4.59% and one year annualizing at 11.13%. Every active manager on the equity side hit the benchmark fiscal year to date except for MD Sass. MD Sass was down .4% so that puts them down to 5.76%. Mr. West notes that finally there is positive contribution coming from the hedge fund. Titan is up 5.1% and moved ahead of their peer index group. The hedge fund allocation has given about 8% for the year. The fund opened the fiscal year to date at \$373,274,198. Contributions were \$26,518,617. Distributions for benefit

payments were \$25,700,000. Investment management fees paid for and invoiced by the custody bank were \$1,359,635. Other expenses were \$88,521. They have earned an income of \$2,340,782 and earned an appreciation of \$17,183,350 to close the month of April at \$392,168,791.

9. Selection and qualification of candidate presentations for auditing services.

Mr. Garcia-Linares and Mr. Alvarez excuse themselves from the presentations. Mr. Garcia-Linares represents both clients and Mr. Alvarez is a personal client of one of the auditors presenting.

Chairperson Gomez reminds all members participating in the selection of the auditing company to please fill out a score sheet that has been placed in front of them.

***Time Certain 9:15am GLSC & Company, PLLC***

Lisette Casares, CPA and Quality Control Reviewer along with Gina Cabral, CPA and Audit Senior Manager are present. They both introduce themselves and continue with their presentation. GLSC is a medium sized, locally owned accounting firm providing auditing, accounting, tax and other management and consulting services to the South Florida area for more than 35 years. Their mission is to strive to deliver quality services to their clients built upon a strong foundation. They are committed to provide the resources to not only accomplish requirements but to exceed client expectations. In their experience they have over 9,000 hours servicing public sector clients and over 40 audits of governmental organizations and not-for-profit entities. Their focus in governmental organizations allowed them to develop expertise that other accounting firms may not have.

All firm members are CPA members in good standing of both the American Institute of Certified Public Accountants. All professional staff continually upgrades their skills through the firm's continuing education program and course. GLSC is an association of independent CPA firms that provides a worldwide network of accounting and business advisors from 150 accounting firms in 70 countries. They pride themselves in frequent, timely and direct communication. If anything arises during the course of the audit procedures, they tend to bring the matters to attention immediately.

Chairperson Gomez thanks the firm for their presentation.

***Time Certain 9:25am Verdeja De Armas, Trujillo***

Octavio A. Verdeja, managing partner of the firm, introduces himself. Manny Alvarez and Tab Verdeja are also present and are partners of the firm. Mr. Octavio Verdeja informs that the firm as founded by his father. Verdeja, de Armas & Trujillo LLP is a local Coral Gables firm established in 1971 and employs over 35 persons on a full time basis. They pride themselves in offering practical business solutions as an amenity to performing the accounting and audit services. Verdeja de Armas & Trujillo LLP is

known as a Coral Gables firm and prides themselves in being known as a Coral Gables firm. The firm audits over 150 governmental and not-for-profit organizations ranging in budgets from \$50,000 to over \$300,000,000. This is a testament to the knowledge and versatility they have in the industry. Their tax department provides tax consulting and compliance services to individual, corporations, S corporations, partnerships, limited liability companies, trusts, estates, and not-for-profit organizations.

There has never been a firm compliant filled or disciplinary actions, pending or otherwise, against the firm. There has never been any termination, suspensions, censures, reprimands, probations or similar actions against the firm or any member of the firm. The firm has audited defined benefit plans for Florida Public Retirement System in conjunction with Big Four CPA firms. Their firm may utilize a specialist from time to time for certain areas outside of their expertise. They believe they are excellent communicators of financial information. They have been praised many times by the members of Governing Boards for putting difficult accounting data and concepts, in simple terms, so that it can be readily understood by all the volunteers and members organizations.

Chairperson Gomez thanks the firm for their presentation. He opens the floor for discussion. Mr. Banos recommends that a choice be made at the meeting considering there are only two choices. Chairperson Gomez agrees. Mr. Easley asks for the actuary's opinion. Mr. Strong informs that he has not worked with either firm and doesn't feel he should give an opinion. Ms. Gomez informs that she has worked with Verdeja on a small project she was very pleased with their service. They were great. She has nothing bad to say about the firm. Chairperson Gomez explains that he was a bit troubled that the top person from GLSC was not present. Mr. Gueits immediately agrees. Chairperson Gomez states that it means a great deal to have top management present for presentations. Mr. Gueits comments in GLSC defense the young ladies were very polished but if they are pitching business the main guy with such a small firm should have been present. He adds he doesn't expect Greenburg to attend a meeting with a client but because they are such a small firm he did expect for upper management to be present. Ms. Groome adds that Mr. Gold did express at the Investment Committee meeting support for the firm in Coral Gables. A tally of the scores are done and Verdeja out scores GLSC

**A motion was made by Mr. Hoff and seconded by Mr. Banos to hire Verdeja de Armas & Trujillo LLP as the Retirement Systems auditor. Motion unanimously approved (10-0).**

Chairperson Gomez asks for Mr. Greenfield to thank both firms and to proceed with a contract.

10. Old Business.  
There was no old business.
11. New Business.  
There was no new business.

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12. Public Comment.  
There was no public comment.

13. Adjournment.

The next scheduled Retirement Board meeting is set for Thursday, June 21, 2018 at 8:00 a.m. in the Police Community Meeting Room, 2801 Salzedo Street, Police Station Basement, Coral Gables, FL.

Meeting is adjourned at 10:52.

APPROVED

DR. ANDY GOMEZ  
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME  
ADMINISTRATIVE MANAGER