

CORAL GABLES RETIREMENT SYSTEM

Minutes of January 11, 2016
 Youth Center Theater/Auditorium
 405 University Drive
 8:00 a.m.

MEMBERS:	F	M	A	M	J-11	J-25	A	S	O	N	J	APPOINTED BY:
	15	15	15	15	15	15	15	15	15	15	16	
Andy Gomez	P	P	P	P	P	P	P	P	E	E	P	Mayor Jim Cason
James Gueits	P	P	P	P	P	P	E	P	E	P	P	Vice Mayor C. Quesada
Charles Rigl	-	-	-	-	-	-	P	P	P	P	E	Commissioner Jeanette Slesnick
Michael Gold	-	-	P	P	P	P	E	P	P	P	P	Commissioner Patricia Keon
Rene Alvarez	P	P	E	P	E	E	P	P	P	P	E	Commissioner Vince Lago
Joshua Nunez	P	P	P	P	E	P	P	P	P	E	P	Police Representative
Randy Hoff	P	P	P	P	E	P	P	P	P	P	P	Member at Large
Donald R. Hill	P	P	P	P	P	P	P	E	E	P	P	General Employees
Troy Easley	P	P	P	P	P	P	P	P	P	P	P	Fire Representative
Diana Gomez	P	P	P	P	P	P	P	P	P	P	P	Finance Director
Elsa	P	P	P	P	P	P	P	P	E	P	P	Human Resources Director
Jaramillo-Velez												
Manuel A. Garcia-Linares	P	P	P	P	E	P	P	P	P	P	P	City Manager Appointee
Jacqueline Menendez	-	-	-	-	-	-	P	P	P	P	E	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager
 Dave West, The Bogdahn Group

P = Present
 E = Excused
 A = Absent

Chairperson Hoff calls the meeting to order at 8:11 a.m.

1. Roll call. Mr. Alvarez, Mr. Rigl and Ms. Menendez were excused. Mr. Gold was not present at the beginning of the meeting.
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 November 12, 2015.

- 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 \$2,650,000.00 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 November for the December 2015 benefit payments.
 2. For the Board's information, there was a transfer in the amount of \$3,600,000.00 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 December for the January 2016 benefit payments.
 3. For the Board's information:
 - James Barker, City Commissioner, passed away on November 2, 2015. He retired from the City on May 1, 2001 with No Option. His benefits have ceased.
 - Catherine Dowling, Money Room Coordinator of the Parking Department, passed away on December 8, 2015. She retired from the City on February 1, 2001 under Service Connected Disability. She was also receiving Post Survivor Benefits as of September 1, 2013. Both benefits have ceased.
 - Patricia Arocha, Public Works Administrative Assistant, entered the DROP on July 1, 2012 and left the DROP on November 13, 2015. She received her first retirement monthly benefit on December 1, 2015 and was not affected by the IRS 415(b) limits for the 2015 year.
 - Adolfo Sansores, Assistant Finance Director, entered the DROP on December 1, 2010 and left the DROP on November 30, 2015. He received his first retirement monthly benefit on December 1, 2015 and was not affected by the IRS 415(b) limits for the 2015 year.
 - Gregory Jackson, Sanitation Worker, separated from the City on December 31, 2007 with vested rights. He began receiving his retirement monthly benefit on December 1, 2015 after his 52nd birthday.
 - Jack Kerns, Firefighter, entered the DROP on January 1, 2008 and left the DROP on December 31, 2015. He received his first retirement monthly benefit on January 1, 2016 and was not affected by the IRS 415(b) limits for the 2015 year.

4. For the Board's information, the following Employee Contribution check was deposited into the Retirement Fund's SunTrust Bank account:
 - Payroll ending date November 1, 2015 in the amount of \$165,836.50 was submitted for deposit on November 6, 2015.
 - Payroll ending date November 15, 2015 in the amount of \$171,007.15 was submitted for deposit on November 20, 2015.
 - Payroll ending date November 29, 2015 in the amount of \$175,329.76 was submitted for deposit on December 7, 2015.
 - Payroll ending date December 13, 2015 in the amount of \$167,925.15 was submitted for deposit on December 21, 2015.
 - Payroll ending date December 27, 2015 in the amount of \$177,548.17 was submitted for deposit on January 4, 2016.
5. Copies of the detailed expense spreadsheets for the months of November 2015 and December 2015 are attached for the Board's information.
6. For the Board's information the Northern Trust Securities Lending Summary Earnings Statement for November 2015 is attached.
7. Attached for the Board's information is a report from the GRS Death Check website showing that no death records were found from the current list of retirees' Social Security numbers as of January 1, 2016.
8. For the Board's information the Northern Trust class actions report for the 4th quarter of 2015 is attached.
9. A copy of a letter dated December 9, 2015 from Gabriel Roeder Smith regarding GASB No. 68 Disclosure Report is attached for the Board's information.
10. For the Board's information, a copy of an ordinance amending Section 50-26 of the Retirement Ordinance regarding the removal of compulsory Plan participation requirements for any employee other than Police Officers and Firefighters on or after December 8, 2015 and an Impact Statement prepared by Gabriel Roeder Smith is attached.
11. For the Board's information, attached is a copy of an ordinance amending Section 50-239(a) of the Retirement Ordinance regarding that any city employee other than a Police Officer or Firefighter may retire from full-time employment with the city and, following a break in service of at least six months may be rehired in a full-time capacity with the city and continue to receive monthly retirement income during such full-time employment but will not be eligible to participate in or earn additional

benefits under the system during reemployment. The Impact Statement prepared by Gabriel Roeder Smith is also attached.

12. A copy of a letter dated December 22, 2015 from Gabriel Roeder Smith regarding GASB No. 67 Disclosure Information as of September 30, 2015 is attached for the Board's information.
13. An article from Pensions and Investments regarding CalPERS approving plan to gradually reduce assumed rate of return to 6.5% is attached for the Board's information.
14. A copy of the December 2015 FPPTA Newsletter is attached for the Board's information.

2C. The Administrative Manager recommends approval for the following invoices:

1. GSK invoice #20417499 dated December 14, 2015 for audit reporting ending 9/30/2015 in the amount of \$16,000.00.
2. The Bogdahn Group invoice no. 13133 dated December 24, 2015 for Performance Evaluation and Consulting Services from October 1, 2015 to December 31, 2015 in the amount of \$36,250.00. This invoice is in accordance with the contract between The Bogdahn Group and Coral Gables Retirement System signed on June 1, 2008 and in accordance with the fee increase approved by the Board and signed by the Chairperson on April 28, 2011.
3. GRS invoice #418002 dated November 13, 2015 for actuarial consulting services for the month of October 2015 in the amount of \$5,284.00.
4. GRS invoice #418250 dated December 10, 2015 for actuarial consulting services for the month of November 2015 in the amount of \$6,248.00.
5. The City of Coral Gables invoice for period ending September 30, 2015 in the amount of \$33,563.19 for expenses of the retirement system paid out of the general ledger account of the City.

2D. The Administrative Manager recommends of Retirement Benefit Certifications:

Retirement Benefits: Kevin Hurst (General/Teamster) and Alfred Davis, Jr. (General/Teamster).

DROP Benefits: Terry Curry (General/Teamster), Melbourne James (General/Teamster), Errol Wilson (General/Teamster), Carlos Palacio (Firefighter), Gerald Maxson (Firefighter), Raymond McCalla (Police), Alvin Maestre (Police), Robert Wright (Police), Cuong T. Nguyen (Police), and Margaret Gomez (General Excluded).

Vested Retirement Benefits: Nelson Quintana, Jr. (Police), Ruth Ann Robinson (General/Teamster) and Gregory Jackson (General/Teamster).

- 2E. The Administrative Manager recommends approval of the continued disability retirements of John Norman and Jesus Garmas.

A motion was made to approve the Consent Agenda by Mr. Nunez and seconded by Dr. Gomez. Motion unanimously approved (9-0).

3. Presentation of the draft 2014-2015 Audit Report by Goldstein Schechter Koch. (*Agenda Item 8*).

Vincent Carrodegua, Rosa Salum and Clement Johns of Goldstein Schechter and Koch present the 2014-2015 audit report. Mr. Carrodegua informs that the report states that the financial statements are presented fairly, in all material respects, the fiduciary net position of the City of Coral Gables Retirement System as of September 30, 2015 and 2014. The total assets are down by \$1.3 million. Last year total assets were \$378,867,759 and this year it is at \$377,529,983. The total liabilities were increased driven by payroll by securities lending purchased so overall liabilities were up about \$5.4 million. Total liabilities last year were \$42,216,904 and this year at \$47,624,576. The single biggest change for the year is the total investment income before securities lending activity which is a \$24 million dollar swing. They had a \$30 million income last year versus \$6.2 million income this year. Overall there is a net decrease in position for the year of \$6.7 million.

Ms. Salum continues with the presentation of the report, specifically the footnotes of the financial statement. Last year the numbers changed significantly due to the GASB 67 effective date. Those notes this year are relatively consistent with that and there were not any significant changes they were just updated for the current year information. On Note 1 you have the plan's membership as of October 1, 2014 and 2013. The rest of that note talks about benefits and terminations. Note 2 is the summary of significant accounting policies. Note 3 is the funding requirements and contributions. That note shows the actual City contribution. It also shows the actuarial required contribution that was met by the City. The notes continue on with Note 4 which shows the investments. Note 5 is the pension liability of the City and is the biggest note from last year. Last year the fiduciary net position as percentage of total pension liability was 61.92% and this year it is 59.02%.

Mr. Johns continues the presentation of the report. He informs that the total investment expense remained almost the same as the prior fiscal year. It was \$1,873,440 for 2015 versus \$1,865,552 for 2014. The administrative expenses were \$431,707 for 2015 and \$334,272 for 2014. The main change in that amount was due to the actuarial fees. Mr. Garcia-Linares asks how they compare to their other clients. Mr. Carrodegua responds that September 30, 2015 was not kind to their clients. Mr. Johns replies that this plan was relatively good at the end of the fiscal year with the rate of return at 1.84%. Most other plans had a negative rate of return as of September 30, 2015. Mr. Garcia-Linares asks

about their funding percentage versus other clients. Mr. Carrodegua responds that they are still in the same spectrum. The average client's funding percentage is in the low 70s. All of their clients are concerned with their funding percentage. Mr. Garcia-Linares asks what their other clients are doing to try and improve their funding percentage. Mr. Carrodegua responds that he has not seen a lot of improvement in funding percentage. It depends on how the portfolios are performing and he has not seen any do a ten point improvement. Mr. Johns informs that they have a client that purchased a bond to pay off their unfunded liability however it was a smaller plan. The higher rates are usually small plans or closed plans.

Mr. Johns reports everything went well during the audit and they had no disagreements with manager. It went very smooth. There is a management letter that needs to be signed. It basically states that there is completeness of the records received.

A motion is made by Mr. Garcia-Linares and seconded by Ms. Gomez to approve the 2015 audit report. The motion unanimously approved (9-0).

4. Items from the Board attorney.

Mr. Greenfield advises that the legal situation is status quo. There has been some discussion between the attorneys at Jim Lynn's office and the attorneys for the insurance company defending Nyhart. As a result of those discussion's Jim Lynn has determined it would be good to amend the compliant to add another party being Stanley Holcomb and Company. He and Craig Leen received a copy of the amended complaint for review and then it will be filed. The amended complaint means they are starting anew. There are no details further on any updates further than this. He reminds the Board members of the upcoming FPPTA School in Orlando and that he hopes that the Board members will be able to attend.

5. Approval of Travel Expense Policy, Travel Expense reimbursement form and Educational Resolution.

Chairperson Hoff advises the Board that he asked Ms. Groome and Ms. Coffy to revise the Coral Gables Travel Expense Reimbursement Policy for the Retirement Board members. Mr. Greenfield informs that he reviewed the documents and he believed that the policy was well put together. It covers the things he believes need to be covered. The Coral Gables Retirement System Resolution advises that Retirement Board members and staff choosing to attend FPPTA events may do so without prior approval from the Board. Members are to simply notify the Administrative Manager of their desire to attend those events. If a Board member wanted to go outside the State or to an event put on by an organization other than the FPPTA the Board member must get approval from the Board to attend. Ms. Jaramillo-Velez requests to review the policy as she has not had the chance to do so.

After reviewing the policy, Ms. Jaramillo-Velez suggests an amendment to the policy to remove the word “considered” under the last bullet point of the Travel Procedures and Regulations section.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Easley to approve the Travel Expense Reimbursement Policy, Travel Expense Reimbursement form and Travel Expense Resolution with the amendment suggested. Motion unanimously approved (9-0).

6. Investment Issues.

Dave West of The Bogdahn Group reviews the monthly investment performance. He advises that some values are not accurate due to the meeting being so early. There was a decline of 1.11% for the month which put the total fund at 3.44% for the quarter and fiscal year to date. Their defensive managers were able to save on the downside. Eagle Capital was down for the month at -1.64% and 6.11% quarter to date versus the 5.41% for the Russell 3000 value index. MD Sass is the more volatile manager and it declined a little more than the market at -2.77% and fiscal year to date at 4.99%. The Northern Trust S&P 500 index for the month ended at -1.58% and 7.06% fiscal year to date. Winslow Large Cap ended at -0.69% for the month and 8.74% fiscal year to date. Wells Capital was at -1.86% for the month and 5.47% fiscal year to date. The Northern Trust S&P 400 index fund was at -4.16% for the month and 2.63% for the fiscal year. Shifting over to the international funds, the RBC fund they didn't get the pricing for that when they printed the report. WCM was in line with the benchmark and fiscal year to date it was at 6.15%. Shifting over to the fixed income managers, Richmond and JK Milne were down and in line with the benchmark. The interest rate moved and it was less significant for them because the benchmark is less sensitive than the aggregate bond benchmark. PIMCO and Templeton were both victims of currency and credit markets for the month. PIMCO was down -1.3% and Templeton was down -3.07%. However for the quarter PIMCO was up at 0.93% and Templeton was at 2.29%. The DISCO 2 fund was up one-half. At the time of the printing of the report they did not have the values for the real estate funds. The BlackRock fund was down 1.02%. The estimated value for the Tactical Ops fund was down -0.35%. There is no number to carry forward for the Titan fund.

Mr. West states that the over allocation to real estate continues to help. They will be income of \$3 million from the DISCO liquidation. Looking at the asset allocation, he suggests that they leave the DISCO cash in the Northern Trust cash account. He also suggests leaving the asset allocation in place and looking at rebalancing by bringing equities up at the next meeting. Mr. West reviews the cash flow for the quarter. The Total Fund opened at \$326,887,914. The contribution for the period was \$27,830,690. Distributions totaled \$11,300,043. Investment Management fees as invoiced and paid by the custodian totaled \$390,724. Other expenses for plan operations totaled \$48,498. The investment earnings broken down into income was \$1,859,302. The appreciation was \$10,227,928 with the fund snapshot value of \$355,066,570 for the quarter ending 12/31/2015.

7. Old Business.

Chairperson Hoff confirms that they are scheduling the workshop for the February 11, 2016 meeting. Ms. Groome responds affirmatively.

8. New Business.

Chairperson Hoff announces that the Public Pension Coordinating Council has recognized the Coral Gables Retirement System in recognition for meeting professional standards for plan funding and administration as set forth in the Public Pension Standards for 2015. He would like the Board's permission to request the Commission to present the award to them at a future Commission meeting.

Mr. Gold arrived to the meeting at this time.

Ms. Groome reminds the Board of the Board and Committees Appreciation Reception on Thursday, January 21, 2016 at the Coral Gables Country Club Ballroom, 997 North Greenway Drive, from 6:00 p.m. to 9:00 p.m.

9. Election of a Chairman for the Retirement Board [Retirement Ordinance Section 50-88(a)]. Chairperson Hoff announces that he is eligible for another year as it is a two year term. **A motion was made by Mr. Garcia-Linares and seconded by Dr. Gomez nominating Randy Hoff as Chairperson. Motion unanimously approved (10-0).**

10. Election of a Vice-Chairman for the Retirement Board [Retirement Ordinance Section 50-88(b)]. **A motion was made by Mr. Garcia-Linares and seconded by Ms. Gomez nominating Dr. Andy Gomez as Vice-Chairperson. Motion unanimously approved (10-0).**

11. Election of Investment Committee members [Retirement Ordinance Section 50-121]. 2014 Investment Committee members: Donald Hill, Randy Hoff, James Gueits, Troy Easley, Pete Chircut (never replaced). Mr. Garcia-Linares proposes to keep all the Investment Committee members and replace Pete Chircut with Mr. Gold. **A motion is made by Mr. Garcia-Linares and seconded by Mr. Hill to nominate Donald Hill, Randy Hoff, James Gueits, Troy Easley and Michael Gold as Investment Committee members. Motion unanimously approved (10-0).**

12. Public Comment.

There was no public comment.

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13. Adjournment.

The next scheduled Retirement Board meeting is set for Thursday, February 11, 2015 at 8:00 a.m. in the Police Community Meeting Room, Police Station, 2801 Salzedo Street, Coral Gables, FL.

Meeting adjourned at 9:12 a.m.

APPROVED

RANDY HOFF
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER