CORAL GABLES RETIREMENT SYSTEM
Minutes of May 26, 2021
City Commission Chambers and Zoom
2:00 p.m.

| MEMBERS: | M 20 | J 20 | A 20 | S 20 | O 20 | N 20 | J 21 | F 21 | M 21 | A 21 | M 21 | APPOINTED BY: |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Andy Gomez | P | P | P | E | P | P | P | P | P | P | P | Mayor Raul Valdes-Fauli |
| Rene Alvarez | E | P | P | P | P | P | P | E | E | P | P | Vice Mayor Vince Lago |
| Alex Mantecon | P | E | P | P | A | P | P | P | P | P | E | Commissioner Jorge L. Fors, Jr. |
| James Gueits | P | P | P | P | P | P | P | P | P | E | P | Commissioner Michael Mena |
| Michael Gold | P | P | P | P | P | P | P | P | E | P | P | Commissioner Patricia Keon |
| Joshua Nunez | P | P | P | P | P | P | P | P | P | E | P | Police Representative |
| Christopher Challenger | P | P | P | P | P | P | P | P | P | P | P | Member at Large |
| Marangely Vazquez | P | E | P | P | P | P | P | P | P | 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 | E | Finance Director |
| Raquel Elejabarrieta | P | P | P | P | P | P | P | P | P | P | P | Labor Relations and Risk Management |
| Andy Mayobre | - | - | - | - | - | - | - | - | - | - | P | City Manager Appointee |
| Pete Chircut | P | P | P | P | P | P | P | E | P | P | E | City Manager Appointee |

STAFF:
Kimberly Groome, Administrative Manager
Manuel Garcia-Linares, Day Pitney LLC
Dave West, AndCo Consulting
Pete Strong, Gabriel Roeder Smith

P = Present
E = Excused
A = Absent

GUESTS:
Yolanda Menegazzo, LagomHR

1. Roll call.

Chairperson Gold calls the meeting to order at 2:01 p.m. There was a quorum. Vice Chairperson Mantecon, Ms. Gomez and Mr. Chircut were 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 8, 2021.

2B. The Administrative Manager recommends approval of the following invoices:
1. City of Coral Gables invoice #351986 in the amount of $1,81.50 for General Liability insurance for April 2021 through June 2021.
2. City of Coral Gables invoice for January 1, 2021 to March 31, 2021 in the amount of $29,475.79 for expenses of the Retirement System paid out of the General Ledger account of the City.
3. Gabriel Roeder Smith & Company invoice #462156 in the amount of $24,359.39 for April 2021 Actuarial Services.

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

3. Comments from Retirement Board Chairperson.

Chairperson Gold informs that he is excited at the prospect of working with the new City Commission. The Board is looking forward to working together and everybody facing in the same direction and accomplishing the goals they have put forth over the past five or six years. He thinks they are all doing our part. He believes that they will be having a joint meeting, the Retirement Board and City Commission, on either June 22nd or June 24th.

He thanks their partners in the audit function, the investment function, and their digitization with Ms. Menegazzo. They are dragging the pension into the 21st Century but they are getting there. He thinks Ms. Groome's efforts should be recognized publicly and privately. He thinks they are doing the right things for the betterment of the pension. He thanks everyone who have been involved in that.

4. Items from the Board Attorney.

Mr. Garcia-Linares reports that at the last meeting he was asked by Ms. Groome to talk to the City Attorney with regards to the request by a disabled retiree to change to Normal Retirement a couple of years later. The City Attorney said it is a decision of the Board. The ordinance does not say you cannot do it. It would be a policy decision for this Board to make. At this point there is nothing for you to do because the Office has not heard back from the retiree. Until they hear back from the retiree there is nothing for the for the Board to do.

He informs that Ms. Groome gave him a contract for PenChecks. She saw it when she went online. He is not sure why they are asking for another contract and she has contacted them and is waiting for an answer. It may be just an error that when she logged onto the system there was a new contract there.

The last thing is Ms. Groome was subpoenaed to testify in a divorce trial. He attended it with her, and she did a fabulous job. She only answered the questions that were asked of her. She followed all his instructions, and they will see what happens if they ever find out what happens during that trial.

Dr. Gomez asks if the ordinance is open, and the decision would be completely up to the Board. Mr. Garcia-Linares explains that the way he reads the ordinance is that it says, "upon reaching normal retirement." To him that means when the person hits normal retirement then that is the time to decide. Since there is no timeline that says it must be done on that date or it has to be done within 30-days the City Attorney and counsel for the City said it could be interpreted to be open-ended and therefore, it would be a policy decision for the Board. He does not read it that way and that is why he gave his opinion to the Board on the way he read the ordinance. If the Board decided from a policy matter, they would make the change it is clear the retiree has been overpaid for the last several years. He would have to return money to the pension and the City Attorney agrees. They would have to do a complete cost analysis because the retiree would have received less if that change were made when reaching normal retirement. Dr. Gomez thinks the ordinance should be very specific to protect those individuals. Mr. Garcia-Linares states that he has his interpretation of the way he reads the ordinance. This type of request has not happened before. Dr. Gomez asks if they need to tweak any of their policies. Chairperson Gold responds that it sounds like a City issue and they can bring this up during the joint session. Dr. Gomez comments that is a good idea. Chairperson Gold comments that there are things like this that will come up once every half a decade and they will deal with it at the time.

5. Update of Pension Administration System implementation and scanning of files in the Retirement Office.

Yolanda Menegazzo updates the Board on the implementation of the pension administration system. The first thing she will be sharing with the Board is the Standard Operating Procedures (SOP) manual she has been working on with Ms. Groome. She wanted to recognize Ms. Groome publicly. Ms. Groome has absorbed the training well from the implementation that they have had between PensionSoft and PenChecks. She wanted to recognize her because this is something brand new for her that she has never used before and she has really absorbed absolutely everything.

Ms. Menegazzo updates the Board on all the functions and features that have been automated. They have a list of everything that the Administrator does not have to have a manual process for, and those things are that the system is now configured to be able to calculate adjusted service start date based on buy back data, full-time status, part-time status, termination dates, etc. The system is able to calculate those items. It is able to handle transfers and calculations of benefits across different benefit multipliers. As far as the functionalities, the Administrator and the members of the Plan will be able to run benefit estimates. The members can do hypothetical DROP accumulations based on certain requested dates. Other functionalities are process of retiree payroll and vendor payments related to the retiree contributions which is done automatically. For miscellaneous vendor payments the Administrator simply enters the payment information into the system and PenChecks processes the checks. The actual system that houses all this information can run annual active benefit statements, DROP statements, and final benefit calculations. All these statements are available in the system for the members to see. So that is everything that has been automated thus far.

Ms. Menegazzo shows the Board the cover of the Pension Administration SOP manual. The purpose for the manual is for efficiency, consistency and making it easier on the employee to be able to have a guide every time to do the standard processes of the system. This document will serve as a foundation for future processes and will be updated as they continue to get more innovative and automated. The manual has the actual information with instructions and screenshots. It gives a step-by-step guide on how to do each process. There are still things that are pending because they will be transferring the data to GRS this week. Once that happens, they will finalize the manual and add additional steps. This guide is still in the works, but it is coming out rather nicely and will be very beneficial for the Administrator to use on a regular basis to be as consistent as possible with the day-to-day operations.

Dr. Gomez asks if this manual will be available on the Retirement System's website. Ms. Menegazzo responds that this manual is not for the members. This manual is for the Administrator for the internal processes. She will be given access to the system as if she were a member so she can create small tutorials of the System for the members. That will be available on the website. They will have the SOP manual for the Administrator and small tutorials for the members.

Dr. Gomez asks about the cybersecurity in the system. Ms. Menegazzo replies that next week during their Implementation Committee meeting, they will be discussing the permission levels for the members as well as the permission levels for the Administrator and anyone else who will have access to this system.

Ms. Menegazzo continues with her update regarding the active member data uploaded to the system. They identified that some of the benefit estimates are under-represented and are not one hundred percent accurate. They will go back to the City's IT Department and ask them for more data. They have to correct the data coming into the system.

They are moving the files over to the GRS server this week and they need to correct the active member benefit estimate. The system itself is not calculating it wrong. The system is set up correctly. They just need additional data.

Pete Strong of GRS comments on the issue. The IT Department gave them the pensionable earnings data for every pay period. The data was using the formula for the current pensionable earnings. The data for years before the plan was amended on October 1, 2010 for General Employees is coming through with pensionable earnings also. For Police it is the years before the plan was amended on October 1, 2012 and for Fire on October 1, 2013. From those dates forward they have the correct pensionable earnings data but for the prior dates they have to change the formula back to what the definition of pensionable earnings was prior to those dates to receive the correct biweekly pay amounts under the old definition.

Ms. Menegazzo agrees. That is why the amount is off and it is minor. The other thing that is pending is setting up the permissions for each type of user in the system that will be determined. They will finish the SOP manual and create the mini tutorials for the members as well as start the communication process of notifying them when they can access the portal. All of these things will be happening within the next 30 days.

Mr. Gueits asks if the system will store Social Security numbers or bank account numbers. Ms. Menegazzo answers affirmatively. Mr. Gueits thinks they need to look out for that. Ms. Menegazzo refers to Mr. Strong regarding the security of the GRS network since the servers will be housed on their on their end. Mr. Gueits wants to make sure the data is safe. Mr. Strong informs that GRS has very strong encryption. Ms. Elejabarrieta points out that the City requires cyber liability insurance and when the contract was signed with GRS significant cyber liability insurance was required.

Chairperson Gold asks about the timeline. They were looking at ending in Summer. Are they now looking at a Fall finish date now? When do they cross the finish line? Ms. Menegazzo responds at the beginning of Summer the members will receive access to the portal. She thinks that between June and August is a good time frame.

Mr. Nunez confirms that the system has a similar encryption for protection that banks of to have the same standard. Mr. Strong agrees. They are audited and have SOC 2 Certification with their systems which is the same level of certification that banks have. They have very strong encryption. It requires a two-factor authentication to get into the system where you have your name and password and then it follows up with a with a randomly generated code that you have to enter as a secondary form of authentication. It is very secure. Mr. Nunez states that he wanted to reconfirm that the secondary authenticator is obviously for the user but what Mr. Gueits was referring to was the system getting hacked, and this system is well encrypted. If a hacker can get into this system, they can get into a bank's system and they will probably hit the bank before they hit this system.

Ms. Groome informs that last month the Board asked her about scanning files and Ms. Gomez had suggested she speak with the City Clerk. After the meeting, she spoke to the City Clerk's office and they have Laserfiche which is what they used with the HR Department's scanning of employee files. They are now in the process of setting up scanning all the retiree and employee files in the Retirement Office to be put into Laserfiche. The City Clerk's Office will be doing the scanning. They also have shredding company they use to shred the files once the scanning has been done. By the end of the year, they should be able to look to a smaller space for the office if that is what the Board wants to do.

6. Presentation of the 10/1/2020 draft Actuarial Valuation report by Gabriel Roeder Smith.

Mr. Strong reports on the 10/1/2020 Actuarial Valuation report. The required contribution payable on 10/1/2021 for fiscal year is about $22.7 million down from $23.8 million for the prior year, prior to reflecting the assumption changes, which included all the Experience Study changes, the FRS mortality change and the reduction and the investment assumption to 7.4%. Prior to those, the required contribution would have been about $22.5 million. They had roughly $240,000.00 unrounded impact of from all the assumption changes which is in line with what they believed it would be. The actuarial value of assets as of October 1. 2020 was $415.7 million which is up from $391.6 million last year. The market value was at $426.3 million so they are smoothing in unrecognized gains. When the actuarial value of assets is less than the market value, they have gains that have not been recognized yet so those are waiting to be smoothed into the actuarial value. The $426.3 million is up from $395.5 million the prior year. The rate of return on the actuarial value of assets was 9.4% and market value of assets was 10.9%. The actuarial liability as October 1, 2020 was $605.4 million versus $601.5 million last year. The assumption changes and the aggregate reduced the actuarial liability by about $1.6 million. The funded ratio as of October 1, 2020 is 68.7% which is up from 65.1% last year. That is based on the actuarial value. Prior to the assumption changes, the funded ratio would have been 68.5%. On a market value basis, the funded ratio is 70.4%. That is a significant increase from 65.7% last year.

The unfunded liability total is about $189.7 million which is down from $209.6 million last year. It would have been about $191.3 million prior to reflecting the assumption changes and would have been about a $195.4 million prior to the additional City contribution of $5.03 million that was made in October 2020 to reduce the unfunded liability. That additional contribution was allocated by the City to pay down the 2002 actuarial loss amortization base and it combined with the excess contribution reserve the City elected to use along with the $5 million to completely pay off that amortization base. Paying off that base reduced the required contribution by $1.054 million.

There was an experience gain of $6.1 million for the year and was almost entirely driven by the investment experience. The 9.4% return on the actuarial value led to a $6.9 million dollar investment experience gain. They had about $800,000 in offsetting experienced losses on the liability side. Salary experience was a source of gain. Average increases during the year were 3.6% versus 4.6% expected. They had some offsetting losses due to service adjustments from prior buy backs, mortality, retirement, disability experience, all resulted in some minor experience losses. Overall, they had the gain of $6.1 million and that brought the contribution down by $553,000.00.

They always talk about the newly hired employees being given a choice between the defined benefit plan and the defined contribution plan. That choice rate continues to hover around 50%. Roughly half of new General Employees are going into the defined benefit plan and half are choosing the defined contribution plan.

Mr. Strong reviews the recommendations looking forward. They recommend continuing the extra payments to be made towards the unfunded liability. They are currently predicting that the unfunded liability could be paid off in 10 to 12 years. That is projecting forward from October 1, 2020 to date. The returns have been very good on the market value and the 10-to-12-year period could be significantly lower after reflecting the recent investment gains through April 2021. They will take another look at that once they get to October 1, 2021. They also recommend continuing lowering the investment return assumption based on current forward-looking capital market assumptions which have come down based on where current interest rates are and where current valuations in the market are probability of earning 7.4% going forward. The 7.4% assumption is at the high end of what they consider to be reasonable. They are recommending continuing bringing that assumption rate down. They think bringing that rate down in increments of 10 basis points is appropriate.

Mr. Strong reviews some pages in the valuation report. This was the last year of one of the amortization bases. There was an actuarial gain based on 1992 that was fully amortized this year. They will no longer have that credit. The next time they are going to have a base expire will be in four more years.

Mr. Strong shows the current projection of how the unfunded liability will be paid down. They are sitting at $189,695,867 now. He thinks when you factor in an extra $5 million to $6 million or $7 million a year of extra payments towards the unfunded in 10 years that will almost fully fund the plan. This is where he got the 10-to-12-year projection. He believes with combined extra unfunded liability payments that somewhere between 2030 or 2032 is when they will be fully funded.

Mr. Strong highlights a couple of numbers. As of October 1, 2012, the plan was 52% funded at a $244 million unfunded liability. Now they are at 68.7% funded with about a $189 million unfunded liability. They have made big strides over the last eight years. This does not take into account all of the assumption changes that were made back then. In 2012 they were using an older mortality table and the investment assumption rate was at 7.75% percent interest. Now, they are at 7.4% with more updated assumptions. If they were using the 2012 assumptions, the ratio would be much higher than 68.7%. The plan has been doing well over the last eight years to improve from where it was and looking forward 10 to 12 years in the future, it will be doing extremely well.

Mr. Strong reviews the actuarial value of assets. This year they had a market value return of $43.4 million. They expected $30.1 million based on the 7.55% assumption rate that was in place for the year. That creates an excess return of $13.338 million. They recognize 20% of that this year which is $2.667 million. Over the last four years, prior to this year, they only had one year that was a loss last year at $3.136 million so they are phasing in a loss from last year. The other three years the gains were $2.37 million, $4.56 million, and $178,466. They will be smoothing in a gain next year of about $6.4 million and that is before they account for the gains from fiscal year 2021 that has been realized year to date. For the actual realized returns the last 5 years they had a 9.5% average return and the last 10 years they had a 9.4% average return. The average return to 1997 is 6.7% and that includes two major recessions where they had negative returns in 2001 and 2002 and in 2008 and 2009. The plan is looking good.

Chairperson Gold asks if they have reviewed this report with Ms. Gomez. Mr. Strong informs that he spoke with Ms. Gomez and she said she was fine with the report.

**A motion to approve the 10-1-2020 Actuarial Report was made by Mr. Gueits and seconded by Mr. Alvarez. Motion unanimously approved (10-0).**

Mr. Strong brings attention to the Board an additional item about the DROP interest rate. The use the expected rate of return as the maximum DROP interest rate and it was expected to be 7.5% for the calendar year 2021 based on the schedule had been in place from the prior evaluation. In April, the Board decided to lower the assumption rate from 7.5% to 7.4% based on their recommendation in the Experience Study. The question to the Board now is if they want to leave the interest rate at 7.5% for the rest of the year or do they want to go ahead and reduce the DROP interest rate to 7.4% going forward. Mr. Easley thinks they should leave it as is because that was understood from the beginning of the calendar year that the 7.5% was the interest the DROP participants would receive for 2021.

Mr. Gueits asks if they have always used the investment rate of return as the DROP interest rate. Mr. Strong answers affirmatively. Mr. Strong answers affirmatively. It is defined in the ordinance to be a rate not to exceed the actual return for the year but not to exceed the assumed rate of return and to not go lower than three percent. Mr. Gueits confirms that it is covered by the ordinance. Mr. Strong agrees. The assumed rate of return was 7.5% as of January 1, 2021 because that was the scheduled interest rate for fiscal year 2020/2021. The Board changed the assumed rate of return to 7.4% for fiscal year 2020/2021 in April 2021. Chairperson Gold asks if this is for the rest of the year or for the calendar year. Mr. Strong responds that it is for the calendar year because the DROP is done on a calendar year basis.

Mr. Garcia-Linares states that the email sent by Mr. Strong gives three options; leave the DROP at the 7.5% interest rate or change the DROP interest rate to 7.4% effective May 1st or change the DROP interest rate to 7.4% and make it retroactive. The recommendation is to not make the change retroactive and that the Board should choose keeping the interest rate at 7.5% or changing the interest rate to 7.4% beginning May 1st. Mr. Strong informs that is his recommendation. The Board officially adopted a 7.4% assumption in April. The have already done final DROP calculations year to date at 7.5%. They would have to go back and redo those final calculations retroactively to January 1 which he does not recommend doing.

Mr. Garcia-Linares states that the question is do they go retroactive, do they start the 7.4% as of May 1st or do they completely ignore the change to 7.4% and continue at 7.5% for the rest of the year. Those are the three options. He would like to defer the decision and speak with Ms. Gomez about it. Mr. Strong asks if they should hold up any additional DROP exit certifications until they get an answer. Mr. Garcia-Linares thinks they should wait to the June Board meeting. Ms. Groome informs that there are two employees who are leaving the DROP at the end of May and that would delay them getting their money because once they leave the DROP that interest stops and when they roll the moneys over, they start making interest on their money again. Mr. Gueits does not think they can do anything about the people in the pipeline until they have a decision. What does the ordinance say? Mr. Garcia-Linares reads the ordinance: “These monthly benefits will be paid to an account within the system for the credit of the beneficiary and will be credited with interest at a rate equal to the actual rate of return on investment from a minimum of three percent to a maximum of the assumed rate.” If you changed the assumed rate to 7.4% then as of May 1st, they would get 7.4%. Mr. Strong states that since the rate of return was changed in April it should be changed to 7.4% starting May 1st. Mr. Gueits understands that it was changed as of the date of their vote on the return assumption.

Mr. Garcia-Linares asks the Board when they want the change effective. Mr. Strong thinks that they should give 7.5% as the DROP interest rate through April and then change it to 7.4% beginning in May. Ms. Elejabarrieta comments that from her perspective the Board approved the change of the rate of return assumption in April and going forward it needs to be 7.4%. She thinks the legal question and the issue is what they do for January through April. Mr. Garcia-Linares states that they should not go retroactive because the Board did not make the change until April and going forward it is 7.4%. The logical decision is the Board made the change in April and the change can be made after that. It is not fair for people prior to that because the decision was made in April. Mr. Gold asks why they need Board action instead of just following the ordinance as of May 1st. If they voted to change the rate of return in April do, they need Board action? It is in the ordinance and they should follow the ordinance. Mr. Garcia-Linares states that it sounds like the change would be effective from May forward. He can come back at the June meeting. Chairperson Gold agrees. It can be part of the Items from the Board Attorney at the June meeting. He thinks going forward under the assumption that the ordinance is correct supersedes what they are talking about.

7. Investment Issues.

   a. Approval of consent of the ownership change of Wells Fargo Asset Management Holdings, LLD, Parent of Wells Capital Management, Incorporated.
   b. Review of monthly investments

Dave West reports on the investments. He begins reviewing the March 31st quarterly report. There are no issues to discuss on compliance. The fiscal year-to-date number came in at 15.8% ahead of the benchmark. They are at the top 22nd percentile in all public funds peer group. This is the one-year anniversary of the covid crisis and market fall out. The one-year gross is at 40.6% ahead of the benchmark at 35.6% and the top 12th percentile performance in peer grouping. The three-year number was at 12.62% and they rank in the top fourth percentile. The five-year number was at 12.84% and ranked at the top second percentile. The seven-year was at 10.35% and ranked at the top second percentile.  Looking at inception going back to 2003 the fund analyzed at 8.28% and ranked in the top 20 percentile.

Chairperson Gold asks if they can add a year-to-date column that is not fiscal. Mr. West informs that they can do that.

Mr. West begins reviewing the April 30th investments. They continue to be modestly overweight in domestic equities and modestly underweight in fixed income. He has no action recommendations at this time. As far as the rebalancing, he thinks they are comfortably positioned. As the market presents opportunities to rebalance, he is trying to bring those forward. If they continue on this current trend, hopefully, at the next meeting or two he will have a rebalancing recommendation. There are no change recommendations for the for the policy.

They have been maintaining an overweight in the value-oriented style in domestic equity. The value managers, Eagle Capital and Brandywine, are at $36 and $35 million respectively at the end of April 2021. They are keeping those pretty close to a balanced portfolio. They are overweight in active versus indexing and are capturing that cycle. All the managers are at least meeting policy benchmarks there and there are no change recommendations or issues to talk about.  They added another 3.6% on the month which brings the fiscal year to date to 19.01% versus the benchmark of 16.95%. The one-year number ended April 30th was at 34.31% versus 29.97%. They continue with a very nice outperformance to their self-imposed asset allocation and policy benchmark. A lot of that is attributable to the overweights and underweights they have had in place with the asset allocation and with some very nice active manager performance at creating value for them.

Mr. West highlights a couple manager items. The value managers, Eagle Capital and Brandywine, are completely capturing this very nice tailwind. Eagle fiscal year to date is up 43.4% versus their broad base value benchmark of 36.21% and Brandywine is also up 41.4% versus their large cap value benchmark at 34.51%. The other manager to highlight is RBC, the international fund, fiscal year to date at 42.11% versus the core benchmark of 24.94%. Those are the three primary drivers of return.

Mr. West reviews the financial reconciliation fiscal year to date. They opened the fiscal year with $415,402,167. The contributions were $28,827,016. They continue to pay out more and will accumulate a larger payout than what is coming into the system. Distributions were $29,840,000. They have generated $5,695,835 in income and appreciation at $77,877,989. As of April 30th, the asset value stands at $496,055,856. This has been a voluminous growth in their assets. Markets have been very good, and he thinks they are in the position to protect on the downside very well.

Mr. West hopes that a $496 million asset print improves the funded ratio substantially. Mr. Strong points out the actuarial liability as of 10/1/2020 was about $605 million. It is probably expected to grow $5 to $10 million to the end of the year but even if they were very conservative and were at $615 million: $496 divided by $615 would be over 80% funded. That would be on a market value basis and not on an actuarial value basis. They will smooth in a large gain this year over five years but on a market value basis the plan would be over 80% funded if they ended the year today.

Mr. West discusses the Wells Fargo Asset Management consent letter. GTCR LLC and Reverence Capital Partners signed a definitive agreement to acquire the Wells Capital Asset Management division which currently manages the domestic growth equity portfolio. It is one of the boutiques that falls under the Wells Asset Management holding company fold there. With that acquisition, they sent a consent agreement asking the Board to go along with the acquisition. The AndCo research team has reviewed the letter and they will continue to monitor the situation to the best of our knowledge.

**A motion to approve signing the consent letter was made by Dr. Gomez and seconded by Mr. Alvarez. Motion unanimously approved (10-0).**

8. Old Business.

There was no old business.

9. New Business.

Dr. Gomez informs that he will be missing the June 10th meeting. Regarding the joint meeting with the Mayor and Commissioners, he suggests to Mr. Strong and Mr. West that they provide a little big of historical perspective since they have two new Commissioners. He thinks it would be good for them to hear from Mr. West and Mr. Strong. The one-page chart from Mr. West and the one-page summary of the actuarial report are excellent examples. He thinks it might be a good time to look at the ordinance that governs the System and see if there is anything there when Mr. Garcia-Linares has an opportunity to talk to the City Attorney that the Board needs to clear up or improve and bring it to the attention of the Mayor and the Commissioners so they can get rid of some of the ambiguity and have more clarification. They have not looked at these some of these ordinances in a very long time. It might be a good idea to look at them now.

Chairperson Gold thinks they need to get a sense of the time frame for the joint meeting. He thinks they should have a timed agenda and they should know when and who is speaking and how long they have to speak because the Commission is lending them their time. He wants it to be efficient for everybody involved so they can take time for question and answer interaction as well as presentations for both Mr. West and Mr. Strong. He thinks on the agenda should specifically say how long each item will take and then give a specific amount of time for questions and discussion.

Chairperson Gold welcomes new Board member Andy Mayobre to the Board. Mr. Mayobre thanks the Board. The meeting has been very interesting. He used to be on the Anti-Crime Committee and now he was asked to join this great group. His background is in Finance and Accounting. He worked for the airlines for over 30 years. After that he opened his own company and does advisory services. Now he is mostly retired. It has been a pleasure to be at this meeting and he looks forward to meeting everyone and making a difference.

10. Public Comment.

There was no public comment.

11. Adjournment.

Meeting adjourned at 3:16 p.m.

APPROVED

MICHAEL GOLD
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER