

CORAL GABLES RETIREMENT SYSTEM
 Minutes of February 10, 2022
 Community Meeting Room - A
 Public Safety Building – 2151 Salzedo Street
 8:00 a.m.

MEMBERS:	F	M	A	M	J	A	S	O	N	J	F	APPOINTED BY:
	21	21	21	21	21	21	21	21	21	22	22	
Andy Gomez	P	P	P	P	E	P	P	P	P	E	P	Mayor Vince Lago
Alex Mantecon	P	P	P	E	P	P	P	P	P	P	E	Commissioner Jorge L. Fors, Jr.
James Gueits	P	P	E	P	P	P	P	P	P	P	P	Commissioner Michael Mena
Michael Gold	P	P	E	P	P	P	P	P	P	P	P	Commissioner Kirk Menendez
Katherine Newman	-	-	-	-	P	P	A	A	A	A	E	Commissioner Rhonda Anderson
Joshua Nunez	P	P	E	P	P	P	P	A	P	P	P	Police Representative
Christopher Challenger	P	P	P	P	P	E	P	P	P	P	P	Member at Large
Marangely Vazquez	P	P	P	P	P	E	P	P	P	E	A	General Employees
Troy Easley	P	P	P	P	P	P	P	P	P	P	P	Fire Representative
Diana Gomez	P	P	P	E	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
Rene Alvarez	P	E	E	P	P	P	E	E	P	E	P	City Manager Appointee
Andy Mayobre	-	-	-	-	E	E	P	P	P	E	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager	P = Present
Manuel Garcia-Linares, Day Pitney LLC	E = Excused
Dave West, AndCo Consulting	A = Absent

GUESTS:

Yolanda Menegazzo, LagomHR

1. Roll call.

Chairperson Gold called the meeting to order at 8:18am. Mr. Mantecon and Ms. Newman were excused and Ms. Vazquez was absent.

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 January 13, 2022.
- 2B. The Administrative Manager recommends approval of the following invoices:
1. City of Coral Gables invoice in the amount of \$76,076.55 due to the G/L for October 1, 2021 to December 31, 2021.
 2. City of Coral Gables invoice #356191 for General Liability Insurance in the amount of \$1,181.50 for the months of January, February and March 2022.
 3. Verdeja DeArmas Truillo invoice #32953 for 2nd installment of auditing services in the amount of \$11,200.00 and invoice #32986 for 3rd installment of auditing services in the amount of \$8,400.00.
- 2C. The Administrative Manager recommends approval of the purchase of Military Service time of David Smith requesting to buy back 1,825 days (5 years).

A motion to approve the Consent Agenda was made by Mr. Alvarez and seconded by Mr. Nunez. Motion unanimously approved (7-0).

4. Comments from Retirement Board Chairperson.

Chairperson Gold comments that Ms. Newman's husband was sick and hospitalized with Covid and now recovering and Mr. Gueits' father is very ill at Baptist Hospital. All of the Board members are thinking about them today and he feels terrible for them not being at the meeting because it is for the wrong reasons.

5. Items from the Board Attorney.

Mr. Garcia-Linares reports that the gentleman they are collecting the \$1,000.00 a month from has not contacted Ms. Groome after she tried to contact him to find out why he did not attend the meeting. He did receive some phone calls from Board members asking if there was a way to secure the payment. Someone had mentioned life insurance. The problem with life insurance is you can cancel the policy. They can request a mortgage on his house. If the Board wants to assume he has equity in his house. Dr. Gomez asks what other options the Board has. This is a significant amount of money. Mr. Garcia-Linares informs that they have talked about this and they can ask him to put a mortgage on his property back. If there is any other security, they can ask whether he can pay them a lump sum. He can contact him and see if he can get some type of security.

6. Update of Pension Administration System implementation.

Ms. Groome informs that she received the registration codes for all the employees that had City email. There were about 20 employees that she did not find emails for. She will

be sending the Administrative Assistants with information for those employees to contact the office so they could get set up the registration code in the system for those employees. Dr. Gomez asks for Ms. Groome's point of view with the portal. Ms. Groome responds that the system is new and there are a lot of things they are still working that is not part of the portal. The spreadsheet that goes to PenChecks on the retirees, there have been some tax issues she has been dealing with that she has to contact PenChecks to get them straightened out. She spoke with PensionSoft about it and they are going to make sure for 2022 what happened in 2021 with the taxes is going to be corrected. There is a Box 5 on the 1099r forms which is supposed to be the post-tax contributions from the employees and that number was not included in Box 5 for 2021. Also, the taxable amount for disability is reported as the gross amount and disability taxable amounts are zero because of the way the disability monthly benefit is calculated. There were also some distribution codes that were not correct on the forms. It is the first time they are doing the 1099r forms for the System so there are going to be some types of issues they are going to have to correct. But other than that, it is easy to use.

7. Non-Service Disability application for Adolfo Garcia, Code Enforcement Field Supervisor, Development Services Department.

Ms. Groome informs that based upon the doctors' records and the Independent Medical Evaluation she is recommending that Mr. Garcia be granted nonservice-connected disability. The estimated amount he will receive a month is \$2,391.26.

Adolfo Garcia states that he appreciates the Board's consideration for reviewing his file.

A motion to approve the nonservice-connected disability for Adolfo Garcia was made by Dr. Gomez and seconded by Mr. Alvarez. Motion unanimously approved (7-0).

8. Investment Issues

Mr. West reports on the investments. For the quarter ending 12/31/2021, one year was 15.6% rate of return and the system finished in the top 23rd percentile of the public fund universe. The three-year annualized return was 17.89% and finished in the top fifth percentile. The five-year annualized return was 13.67% and finished in the first percentile. The seven-year annualized return was 11.17% and finished in the first percentile. The 10-year annualized return was 11.67% and finished in the top percentile. He thinks the consistency is important to communicate.

The only manager issue is Allspring Global Investments, formerly Wells Asset Management. It is an all-cap growth fund. They are one of the growth managers that is running along the same side of the court with Winslow Capital. They experienced one of the most problematic quarters of their history. The return for the quarter came in at a negative .39% and the Russell 3000 Growth Index was a positive 10.8%. There was a lot of rotation going on in December and it continued into January. The index concentration in the growth benchmark is extreme level so the mega cap stocks are really driving the

returns. There was a definite rotation into stock to the more of the market recovery orientation. That came at the expense of the more longer-term secular growth themes, which is what Allspring focuses on. That was another big head wind. It was a very fast rotation and then the third element was they saw an extreme performance diversion between the large mega cap stocks in the small cap stocks. It resulted in some pretty severe under performance as far as the manager goes. The manager's approach is to have legitimate headwinds over this very short time period. He wanted to identify this one manager issue and recommends no action at this time.

And as of January 31, their cash position at Northern Trust is roughly 20 million dollars. He thinks they need to keep that in place as capital calls come in. They will look to slowly reduce the core fixed income allocation but given the market correction he thinks they have an opportunity to put some cash back to work. He suggests they invest \$5 five million to the S&P 500 Index fund and \$5 million to the S&P 400 Index fund. When the capital calls come in that will leave them with about \$5 million in cash for operating funds. He thinks in this environment they are in a tumultuous transitional period. Active management may be a little bit challenged until things settle.

A motion was made by Mr. Easley and seconded by Dr. Gomez to invest \$5 million into the S&P 500 index and \$5 million into the S&P 400 index. Motion unanimously approved (7-0).

9. Old Business.

There was no old business.

10. New Business.

Mr. Easley states that he had Ms. Groome send a letter out to the Board. The letter is based upon the presentation that Pete Strong had during their last meeting regarding investments. It directly relates to the assumption rate which was discussed and ultimately lowered. He brought up the DROP rate of return which is out of the privy of the Board begin able to vote on it. He thinks it is something that needs to be presented ultimately by the unions. He wanted to bring it up and let everybody know about what has been transpiring. He is not in the DROP so it does not personally affect him. Every time the pension fund has returned greater than the assumption rate, the money that the DROP participants have accumulated into the Plan, the pension fund keeps the excess returns but when it drops below the assumption rates down to 3% the employees get that reduced amount or that amount based on a calendar year credit. There is a protection on the downside to a certain point. His opinion is to untether the top number and maybe setting a definite boundary for the top side to reflect an ability to be able to gain beyond the assumption rate because every time you lower the assumption rate the participants in the DROP are getting reduced by that amount also. They have gone from 7.4% to 7.25%. Everybody is in the DROP is getting that percentage. He wanted to put it out there for everybody to understand because it is something he never knew about and never even really thought about. If they are below by certain amount of acceptable risk for the

individuals in the DROP then should they be allowed to have a gain beyond the assumption rate if the fund returns higher than the assumption rate. He would like to make it equitable where there is more of a symmetry and the number could be negotiated. Mr. Garcia-Linares comments what happens the other way when the rate of return is negative. That is going to be the response. Mr. Easley agrees. That is why he is bringing it out in front to say that the union probably are going to go in that direction because it was brought to his attention. He wanted to make sure the Board was aware that the possibility is there.

11. Public Comment.

There was no public comment.

12. Adjournment.

Meeting adjourned at 8:54 a.m.

APPROVED

MICHAEL GOLD
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER