

CORAL GABLES RETIREMENT SYSTEM

Minutes of January 20, 2010

Youth Center – Auditorium

405 University Drive

8:00 a.m.

MEMBERS:

J F M A M J A S O N J

Steven Naclerio	P P P P P P P P P P P P
Manuel A. Garcia-Linares	P P P P P E P P P P P P
Tom Huston, Jr.	P P E P P E P P P P P P
Sal Geraci	P P E P P P P P P E E
Leslie Space	P P P P P E E P P E P
Agustin Diaz	E P P E P P E P A E P
Randy Hoff	- - - - - - - - - P
Victor Goizueta	P P P P P P P P A P E
Wayne Sibley	P P A P E P P P P P P P

APPOINTED BY:

Mayor Donald D. Slesnick, II
Vice Mayor William H. Kerdyk, Jr.
Commissioner Maria Anderson
Commissioner Rafael “Ralph” Cabrera
Commissioner Wayne “Chip” Withers
Police Representative
Member at Large
General Employees
Fire Representative

STAFF:

Kimberly Groome, Administrative Manager
Donald G. Nelson, Finance Director
Troy Brown, The Bogdahn Group
Dave West, The Bogdahn Group
Alan E. Greenfield, Board Attorney

A = Absent

E = Excused Absent

P = Present

GUESTS:

Troy Easley
Rich O’Hara, MD Sass
Ari Sass, MD Sass
Juanita Gage

Chairperson Tom Huston calls the meeting to order at 8:11 a.m. There was a quorum present. Mr. Goizueta and Mr. Geraci were excused from the meeting.

1. Roll call.

Chairperson Huston recognizes Mr. Easley. Mr. Easley expresses his appreciation to the Board for the opportunity to serve on the Board as the At-Large Board member. He has had a wonderful experience on his conversations, disagreements and agreements with all the Board members. He was happy to be on the Board. He was replaced by Randy Hoff and congratulates him. He thinks Mr. Hoff is a great replacement. Mr. Naclerio thanks Mr. Easley for his service and comments that Mr. Easley is one of the most dedicated and thoughtful Board members that he has served with. It has been a pleasure. Chairperson Huston presents Mr. Easley with a Certification of Appreciation from the Board.

2. Election of a Chairman for the Retirement Board [Retirement Ordinance Section 50-88(a)]. **A motion was made by Mr. Sibley and seconded by Mr. Naclerio to nominate Mr. Huston as chairman. There were no more nominations. The motion passed unanimously (6-0).**
3. Election of a Vice-Chairman for the Retirement Board [Retirement Ordinance Section 50-88(b)]. **A motion was made by Mr. Naclerio and seconded by Mr. Hoff to nominate Mr. Diaz as vice-chairman. There were no more nominations. The motion passed unanimously (6-0).**
4. Election of Investment Committee members [Retirement Ordinance Section 50-121]. **A motion was made by Mr. Garcia-Linares and seconded by Mr. Naclerio to appoint Mr. Goizueta, Mr. Naclerio and Mr. Sibley to the Committee. The motion passed unanimously (9-0).**
5. Investment Issues. Attendance of Rich O'Hara and Ari Sass from MD Sass (equity manager). *(Agenda Item 17).*

Rich O'Hara thanks the Board for the invitation to present before them. Mr. O'Hara informs that he is responsible for the initial sales and servicing of the public fund mandates. He introduces Ari Sass who is a member of the equity team of the strategy MD Sass runs for this plan. Back in the 4th quarter of 2007 the Board retained their services to manage an equity portfolio. That portfolio was to have two objectives. The first objective was to achieve a return over 3 to 5 years in excess of a target index. The target index for MD Sass portfolio is defined as 100% of the Russell 1000 value stock index. The second objective was to achieve a total rate of return in 3 to 5 years which ranks above the average top 50% of their peer universe.

Mr. O'Hara discusses the first objective. For the calendar year 2009, they returned a total rate of return of 35% in the portfolio compared to the benchmark at 19.7%. Since inception of the portfolio, which was August 2007, the total rate of return was negative 17.9% compared to negative 25.5% to the Russell 1000 value. The annualized rate of return since inception of the portfolio is negative 7.8% versus negative 11.5% for the Russell. In terms of how they performed versus their peers for the calendar year 2009 in the PSN Large Cap value ranking out of 237 managers in that universe they ranked 8th. For the entire period they have held the assets on the fund's behalf they ranked 30th. It is not where they want to be since the storm of 2008 clearly in excess of the top 50%.

Ari Sass comments on the manner in which the portfolio is positioned and what they as a team in 2010 see going forward. They are up about 4% in January and the benchmark is up about 3% so they are continuing to chip away at their negative total return even though they have significantly outperformed the Russell 1000. They are not happy with negative returns and they are working very hard to get back into positive territory regardless of what the benchmark does. In terms of their outlook they are cautiously optimistic on further upside in the market. They think the S&P 500 will earn about \$76 a share this year and \$91 a share in 2011. They think there is some upside to the market and clearly a lot of the returns have already been had. As the economy recovers there is a

tremendous amount of capital on the sidelines despite the rally. There is \$3 trillion in money market funds earning near 0% today. They think the rally will be somewhat front-loaded so they think the upside to the market will probably occur in the first half of the year with potential weakness in the second half. They think that because the Fed will start to pull away the support functions that they have given the market in the last couple of years. That is probably going to cause some volatility in the market which will make interest rates go up and that is not supportive of equities.

Mr. Sass informs that they think that 2010 will be a stock pickers market. If you look at 2008 everything was down 40%. It didn't matter what you owned or how much conviction you had in the market. Everything was being dumped and everything was 40%. In 2009 there was not a high correlation in terms of stocks. Some stocks did well and some did terribly so it was a stock pickers market. If you pick the right stocks you get rewarded. They think that is the case for 2010. They have positioned the portfolio more for an economic recovery and they were very defensive the early part of last year. They have become more offensive. They have 25% weighting in energy. They are very bullish on oil service industry. The oil service sector has tremendous upside and oil is an inflation hedge. If you do believe inflation will return oil is a nice hedge on inflation. They are about 19% weighting in health care. They think there is a tremendous buying opportunity in health care stocks because of the concerns with Obama Care and what that will do to health care companies. They are quite optimistic with the portfolio going forward.

Troy Brown asks for Mr. Sass to clarify on the portfolio's energy overweight. He thinks that the overweight has more to do with what they see as oil services as an industry group and the inherent inflation hedge is more of an additional benefit. That is not why they are there. Mr. Sass agrees. First and foremost they believe in the oil sector and fundamentally the supply/demand dynamics within oil service. It happens to be an inflation hedge. They are concerned about inflation in the long run. It is secondary to their investment thesis which is more on the fundamentals of that sector.

Mr. Diaz arrives at the Board meeting.

6. Approval of the Retirement Board meeting minutes for October 8, 2009. (*Agenda Item 5*). **A motion was made by Mr. Sibley and seconded by Mr. Diaz to approve the meeting minutes of October 8, 2009. Motion unanimously approved (7-0).**
7. Approval of the Retirement Board Executive Summary minutes for October 8, 2009. (*Agenda Item 6*). **A motion was made by Mr. Sibley and seconded by Mr. Diaz to approve the Executive Summary minutes of October 8, 2009. Motion unanimously approved (7-0).**
8. Approval of the Retirement Board meeting minutes for November 12, 2009. (*Agenda Item 7*). **A motion was made by Mr. Sibley and seconded by Mr. Diaz to approve the meeting minutes of November 12, 2009. Motion unanimously approved (7-0).**

9. Approval of the Retirement Board Executive Summary minutes for November 12, 2009. **(Agenda Item 8). A motion was made by Mr. Sibley and seconded by Mr. Diaz to approve the Executive Summary minutes of November 12, 2009. Motion unanimously approved (7-0).**
10. Items from the Board attorney. **(Agenda Item 9).**

Mr. Greenfield brings to the Board's attention a letter from Juanita Gage which was received before the meeting this morning. Ms. Gage states that her husband who was a long time employee of the City and retired recently passed on. Mr. Gage chose the No Option retirement option which means his beneficiary will not receive any retirement benefits. Ms. Gage believes that it was not Mr. Gage's intent to choose that option and that Mr. Gage was not fully explained the retirement benefits and options. Had that been properly explained to him then he would have chosen an option which would have protected his family. The letter also says that Mr. Gage was misled by the previous assistant to the Administrative Manager who is now retired from the City. Ms. Gage sent this letter to the Board for some relief. It is up to the Board regarding how it wants to handle this issue.

Ruby Sheffield, Mr. Gage's daughter, adds that Mr. Gage only had a 5 to 6 year education. They never received copies of his retirement papers and they only relied on what Mr. Gage told them about his retirement, that his wife would continue with his retirement once he passed away. Chairperson Huston asks for Mr. Nelson to respond. He understands that if a retiree selects No Option then they receive more money during their lifetime whereas if they selected another option that included a survivor they would receive a lesser benefit. Mr. Nelson agrees. When an employee comes into the Retirement office the options are presented to them and the financial benefits of each option are shown to them. Back when Mr. Gage retired, Arlene Terrell was the secretary to the Retirement system and Emil Sierens was the Assistant Finance Director and Administrative Manager to the Retirement System. Between those two people they would explain the retirement options to the employees as it is done today. The No Option retirement option is the highest monthly payment that a retiree can receive. Each of the amounts is determined so the employee can see how much they will receive each month for each option.

Mr. Naclerio asks if anyone calculated what the difference would be in money from the time Mr. Gage started drawing his pension to the time of his death if he chose a different option. Mr. Nelson responds that they did not. Mr. Gage retired on January 1, 1992. Since 1992 Mr. Gage was receiving the No Option benefit payment. Had he received the option that would have provided an equal benefit to his beneficiary it would have been a lower amount since 1992 to today. The family has gained benefit to the higher monthly benefit. Mr. Naclerio understands. Can someone calculate the differences? Mr. Sibley believes that they are going to need the difference between the amount Mr. Gage received and the amount he would have received had he picked a survivor benefit. They need to see the differences in the amounts and then figure out how much the City would need to be reimbursed for that amount since 1992 to the present.

Mr. Nelson believes that there was no error made. Ms. Groome explains that the letter from Ms. Gage was received before the meeting today and that is why this issue is not on the agenda. If the letter was received last week it would have been on the agenda and the appropriate information would be ready for the Board to review for this meeting. She spoke with Ms. Gage as to when the meeting was scheduled but because of the holiday the letter was not received at the proper time by the Retirement Office.

Mr. Naclerio would like to know if the Board has the legal authority to change this if they want. Chairperson Huston asks if they have the authority to change the election from 18 years ago. Mr. Greenfield believes that if the participant sets forth a compelling case where they have been misled or misinformed and since the Board has had a similar case recently come before them, then the Board does have the authority if the Board believes that the factual situation merits relief. Mr. Space would like to see this taken care of in an administratively, organized and thoughtful way without going off on some tangent. Mr. Garcia-Linares thinks they should hear from Ms. Terrell to see what the procedure was and he does not want to open up a flood gate of a bunch of retirees saying that they made a mistake in the option they chose. If the Board starts making changes without a good case in front of them they are going to open up a flood gate. Mr. Space agrees but he wants everything out on the table.

Chairperson Huston suggests that Mr. Greenfield work with the Administrative Manager to get all the facts together and then come back to the Board at the next meeting. Mr. Garcia-Linares would like for Ms. Terrell to inform the Board of the procedure if she remembers in 1991 as to how someone would come in and fill out the retirement application and what documents were provided to the retiree. He wants to know the standard procedure.

Mr. Greenfield explains to Ms. Gage and Ms. Sheffield that the Board will not make a decision regarding this issue at this meeting. They are going to give the Board the results of the investigation and then the Board may or may not be in the position to take some action at that time. Ms. Sheffield understands. When her father passed away a couple of physicians were speculating and wanted to do an autopsy to see if he had toxins in his system due to the chemicals he had to use while a City employee. They are waiting on that result. Mr. Naclerio informs that the Board had nothing to do with that issue. Ms. Sheffield understands. It is something she wanted to share with the Board.

Mr. Greenfield reports on the issue with the State Attorney General's opinion. They have been trying to see whether or not the State Attorney General's office would agree if the Board could have a quorum constituted by having a Board member be away from the meeting and participate by phone or by video. They asked the State if the Board could promulgate some rules and regulations, which they have a right to do under the ordinance, which would constitute the type of language they would need to put into effect. They asked a second question if the City could do that and the State came back with an opinion that the Board could not by rule or regulation constitute a quorum other than the way the City says it should be which is a Board quorum of six. The State didn't

answer the question if the City could pass an ordinance to provide for that. They asked the State to clarify the opinion because they answered only one question. The State responded that the Board could not ask the State Attorney General an opinion of what the City can or cannot do. The City has to ask for that opinion and not the Board. The State declined to clarify their opinion.

The Board is back to square one meaning that the Board can't do anything in regards to a rule or regulation to constitute the quorum other than six persons physically present. If the City wanted to they can ask that particular question. He discussed it briefly with Mr. Nelson and they talked about the alternatives and going to the City to ask the Commission to change the ordinance or ask the City to ask the State whether the City could change the ordinance. Mr. Nelson thought that the City Commission would not entertain an amendment to the ordinance but the City Attorney might consider asking the State the question that the Attorney General has refused to answer for the Board. Chairperson Huston always understood a quorum was a majority. Mr. Greenfield states that it is a majority but the number of persons to constitute the quorum can vary based upon the ordinance.

Chairperson Huston informs that they have nine members on this Board. Why wouldn't five members be a quorum instead of six? Mr. Garcia-Linares comments that the ordinance says it is six. Chairperson Huston asks if they can ask the City to change the number of a quorum in the ordinance. Mr. Garcia-Linares replies that Mr. Nelson did not think the City would be inclined to change it.

Mr. Naclerio comments that in the State's opinion they said that if there is a statute to the contrary they can have less than a physical presence there. They don't have an ordinance that says one way or another whether it can be done. This morning was another example of while they waited to start the meeting they didn't have a quorum and they couldn't start their business when they wanted to. If there is a fire or police emergency and the perspective members on the Board have to leave they will have to disrupt the meeting. They had people come in this morning from out of State for a presentation before the Board and if an emergency happened while they were talking and the Board had to take some action they couldn't do it. If they can get the City to pass an ordinance they can clean up this meddlesome matter. The Attorney General's opinion was none responsive to what they asked because they went into the Sunshine Law and this issue has nothing to do with the Sunshine Law. If the City Attorney wants to ask the State for more clarification she should do that. If she thinks the Attorney General's opinion is clear enough then they can pass an ordinance allowing for a Board member who isn't physically present to participate through electronic means for a quorum.

Mr. Greenfield states that asking the City to change the ordinance to have a quorum of five is not what they asked the State for clarification on. They asked the State whether or not in constituting a quorum it could be a member who is not physically present. So whether it is five or six that is not a material question. If an officer had to leave the meeting he would not have the interactive electronic equipment so that the public could hear him and he could hear the public and vote. An officer couldn't do that if they were

called out. Mr. Naclerio informs that they could always have a speaker phone at the meeting and a police officer could call in on the speaker phone. Mr. Space states that the idea of five for a quorum solves one of their problems and if someone leaves and they had the means of communication for them to participate solves another problem.

A motion was made by Mr. Naclerio and seconded by Mr. Garcia-Linares that this Board resolves that the Chairperson or Board Attorney go to the City Attorney and present the options of changing the ordinance to permit members to participate electronically for the purposes of a quorum, reducing the quorum to five so long as one of the employee representatives are present or in the City Attorney's judgment if she wishes, asking the question to the State that if they change the ordinance, not Statute because the City doesn't not have Statutes they have ordinances, that would comply with their opinion. Motion unanimously approved (7-0).

Mr. Greenfield reports on the audit agreement. In the November meeting they presented the audit agreement and Mr. Nelson had some suggestions to the agreement spelling out that they were going to do the Annual Report as part of their agreement and also clarify the financial part of it. That has been accomplished. It was done in two separate agreements.

Mr. Greenfield informs that he has been in contact with the State regarding the 2008 Annual Report approval. He has called several times to Ms. Shoemaker. The first time he spoke with her she informed there were open questions and most of them were clarifications of statistical items. He received correspondence with Randall Stanley informing that he was going to contact the State regarding the UBS settlement issue. When he spoke with Ms. Shoemaker again she informed that she was waiting for information regarding how to handle the UBS settlement money. She was not aware of what was going on with the State's auditors looking into how to handle the settlement money. Since then Mr. Stanley and the State's auditors reached an agreement as to how the money should be handled. There is no reason why at this moment the State should not issue a letter of approval and they still have not received that letter of approval.

Mr. Garcia-Linares asks how much it has cost the Board since the beginning that Mr. Stanley has worked on this issue regarding the UBS settlement. Mr. Nelson states that at the last meeting the Board approved a motion that the City would accept the cost for Mr. Stanley's work in order to resolve this issue between the State and the Retirement Board on how to handle the \$1.87 million with UBS and how to amortize it. That was the recommendation of the Board. The City would receive the invoices from the actuary and they would be processed by the City under the approval of the City Manager and himself.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Sibley that the actuary invoices from August through October be reviewed to see if any services for this issue were paid and if so then the Retirement System should be reimbursed by the City. Motion unanimously approved (7-0).

Mr. Greenfield reports on the 2007 1099R and the 2007 W2 issue. When the City changed over the computer system in 2007 it generated some duplication of income so the retiree received both a W2 and a 1099R. Ms. Groome clarifies that the 2007 W2 for some retirees was reported to the IRS and the retiree did not receive a physical W2 form. Mr. Greenfield informs that one of the retirees had to go to an accountant and have the accountant fix the error with the IRS. He cannot recommend to the Board to pay the retiree since the Retirement system does not prepare the W2s. His feeling is that the Board has no responsibility for that payment.

11. Report of Administrative Manager.

A motion to accept the following items of the Administrative Manager's report without discussion was made by Mr. Garcia-Linares and seconded by Mr. Sibley. Motion unanimously approved (7-0).

1. For the Board's information, on December 23, 2009 there was a deposit in the amount of \$12,151,330.00 from the City of Coral Gables to the Coral Gables Retirement Fund's bank account at SunTrust Bank representing the remaining one-half of the City's 2009-2010 fiscal year contribution. The \$12,151,330.00 was transferred and received by the Northern Trust Cash Account on December 24, 2009.
2. For the Board's information, there was a transfer in the amount of \$2,750,000.00 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 2009 for the December 2009 benefit payments.
3. For the Board's information, there was a transfer in the amount of \$1,000,000.00 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 2009 for the January 2010 benefit payments.
4. For the Board's information:
 - James Gage of the Public Service Department passed away on December 5, 2009. He retired on January 1, 1992 with No Option. His benefits have ceased.
 - Nancy Powell of the Police Department passed away on December 2, 2009. She retired on January 1, 1988 with No Option. Her benefits have ceased.
5. For the Board's information, the following Employee Contribution check was deposited into the Retirement Fund's SunTrust Bank account:
 - Payroll ending date October 11, 2009 in the amount of \$119,585.34 was submitted for deposit on November 9, 2009.

- Payroll ending date October 25, 2009 in the amount of \$76,751.33 was submitted for deposit on November 9, 2009.

6. Copies of the detailed expense spreadsheets for the months of November 2009 and December 2009 are attached for the Board's information.
7. Copies of the Summary Earnings Statements from the Northern Trust Securities Lending Division for billing period October 1, 2009 to October 31, 2009 and November 1, 2009 to November 30, 2009 is attached for the Board's information.
8. Attached for the Board's information are the Statements of Pending Transactions and Assets as of October 31, 2009 and November 30, 2009 from JP Morgan.
9. Attached for the Board's information are the Statement of Settled Transactions from October 1, 2009 to October 31, 2009, November 1, 2009 to November 30, 2009 and December 1, 2009 to December 31, 2009 from JP Morgan.
10. For the Board's information a copy of the Commission Analysis prepared by Knight for the third quarter 2009 is attached.
11. A copy of the Election Results for the At-Large member of the Retirement Board is attached for the Board's information.
12. The Berwyn Group Death Check Verification Services dated December 2, 2009 is attached for the Board's information.
13. For the Board's information, a copy of a letter with attachments dated December 7, 2009 to Julie Browning of the Municipal Police Officers' and Firefighters' Retirement Trust Funds responding to her letter of November 17, 2009.
14. A copy of a letter dated December 1, 2009 from David C. Miller of Bryant Miller Olive regarding an ordinance amending the city of Coral Gables Retirement System.
15. For the Board's information, a copy of information from the Florida Public Pensions Trustee Association regarding their new website and database, their new public relations program and a listing of upcoming events are attached.
16. An invitation to the National Conference on Public Employee Retirement Systems (NCPERS) Annual Legislative Conference in Washington, D.C. from February 7, 2010 through February 9, 2010 is attached for the Board's information.
17. Copies of the City Beautiful e-News newsletters giving the latest news and information about the City of Coral Gables are included for the Board's information.

12. Employee Benefits:

(The Administrative Manager recommends approval of the following Employee Benefits.)

Retirement Benefits:

Retirement application of Spencer Green of the Police Department, 21 years, No Option, effective January 1, 2010.

RESOLUTION 3123
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
SPENCER GREEN

WHEREAS, Spencer Green has applied for retirement effective January 1, 2010, and,

WHEREAS, Spencer Green requests to take No Option with his last working day December 31, 2009.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Spencer Green retirement benefits under No Option as certified by the Actuary, the first day of every month, beginning January 1, 2010 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. Green's retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (6-0).

Retirement application of Joseph King of the Building and Zoning Department, 20 years, 1 month, Option 1, effective January 1, 2010.

RESOLUTION 3124
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
JOSEPH KING

WHEREAS, Joseph King has applied for retirement effective January 1, 2010, and,

WHEREAS, Joseph King requests to take Option 1 with his last working day December 4, 2009.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF
THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Joseph King retirement benefits under Option 1 as certified by the Actuary, the first day of every month, beginning January 1, 2010 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. King's retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

Retirement application of Hector Soto of the Automotive Department, 25 years, No Option, effective January 1, 2010.

RESOLUTION 3125
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
HECTOR SOTO

WHEREAS, Hector Soto has applied for retirement effective January 1, 2010, and,

WHEREAS, Hector Soto requests to take No Option with his last working day December 28, 2008.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF
THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Hector Soto retirement benefits under No Option as certified by the Actuary, the first day of every month, beginning January 1, 2010 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. Soto's retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

Retirement application of Charlie J. Davis, Jr. of the Parks and Recreation, 19 years, 6 months, Option 1, effective January 1, 2010.

RESOLUTION 3126
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
CHARLIE J. DAVIS, JR.

WHEREAS, Charlie J. Davis, Jr. has applied for retirement effective January 1, 2010, and,

WHEREAS, Charlie J. Davis, Jr. requests to take Option 1 with his last working day December 31, 2009.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Charlie J. Davis, Jr. retirement benefits under Option 1 as certified by the Actuary, the first day of every month, beginning January 1, 2010 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. Davis' retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

Retirement application of Ramon Alberto Delgado of the Public Works Department, 23 years, 3 months, Option 2B-50%, effective January 1, 2010.

RESOLUTION 3127
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
RAMON ALBERTO DELGADO

WHEREAS, Ramon Alberto Delgado has applied for retirement effective January 1, 2010, and,

WHEREAS, Ramon Alberto Delgado requests to take Option 2B-50% with his last working day December 31, 2009.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Ramon Alberto Delgado retirement benefits under Option 2B-50% as certified by the Actuary, the first day of every month, beginning January 1, 2010 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. Delgado's retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

Retirement application of Victor Orfaly of the Public Works Department, 23 years, 5 months, No Option, effective February 1, 2010.

RESOLUTION 3128
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
VICTOR ORFALY

WHEREAS, Victor Orfaly has applied for retirement effective February 1, 2010, and,

WHEREAS, Victor Orfaly requests to take No Option with his last working day January 21, 2010.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Victor Orfaly retirement benefits under No Option as certified by the Actuary, the first day of every month, beginning February 1, 2010 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. Orfaly's retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

Retirement application of Juan Velasquez of the Automotive Department, 21 years, 10 months, No Option, effective February 1, 2010.

RESOLUTION 3129
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
JUAN VELASQUEZ

WHEREAS, Juan Velasquez has applied for retirement effective February 1, 2010, and,

WHEREAS, Juan Velasquez requests to take No Option with his last working day January 22, 2010.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Juan Velasquez retirement benefits under No Option as certified by the Actuary, the first day of every month, beginning February 1, 2010 and

continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. Velasquez's retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

Retirement application of Sonia Lajo of the Finance Department, 21 years, Option 2B-100%, effective February 1, 2010.

RESOLUTION 3130
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
SONIA LAJO

WHEREAS, Sonia Lajo has applied for retirement effective February 1, 2010, and,

WHEREAS, Sonia Lajo requests to take Option 2B-100% with her last working day January 29, 2010.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE CORAL GABLES RETIREMENT SYSTEM;

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Sonia Lajo retirement benefits under Option 2B-100% as certified by the Actuary, the first day of every month, beginning February 1, 2010 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Ms. Lajo's retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

Retirement application of Jerry Richard Sim of the Parking Department, 17 years, 4 months, No Option, effective February 1, 2010.

RESOLUTION 3131
A RESOLUTION GRANTING NORMAL RETIREMENT BENEFITS
TO
JERRY RICHARD SIM

WHEREAS, Jerry Richard Sim has applied for retirement effective February 1, 2010, and,

WHEREAS, Jerry Richard Sim requests to take No Option with his last working day January 29, 2010.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF
THE CORAL GABLES RETIREMENT SYSTEM;**

That the Custodian of the Coral Gables Retirement System, is hereby authorized to pay Jerry Richard Sim retirement benefits under No Option as certified by the Actuary, the first day of every month, beginning February 1, 2010 and continuing as long as the pensioner or beneficiary shall receive benefits in accordance with the conditions of the option selected.

A motion to approve Mr. Sim's retirement application was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

DROP Benefits:

DROP application of Daniel J. Thornhill of the Fire Department. Effective date January 1, 2010.

DROP application of Raul Sutherland of the Automotive Department. Effective date January 1, 2010.

DROP application of James J. Kay of the Public Works Department. Effective date February 1, 2010.

DROP application of Mallory Frank Shonberger of the Police Department. Effective date February 1, 2010.

DROP application of Walter Carlson of the Planning Department. Effective date April 1, 2010.

A motion to approve all the DROP applications submitted was made by Mr. Sibley and seconded by Mr. Naclerio. Motion unanimously approved (7-0).

Vested Retirement Benefits:

Rodney Carbonell, Historic Resources Department (15 years, 10 months), effective at age 52, effective date July 1, 2015.

Marisela Martinez, Public Works Department (20 years, 9 months), effective at age 52, effective date September 1, 2016.

Carmen Lima, Building and Zoning Department (14 years, 10 months), effective at age 52, effective date October 1, 2019.

A motion to approve all the Vested Rights Benefits applications was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

Buy Back of Prior City time, Other Public Employer Service, Military Service Time:

Application of Eugene J. Lage of the Building and Zoning Department requesting to buy back 850 days (2 years, 4 months) of Other Public Employer Service Time with the State of Florida.

Application of Jennie Arias of the Police Department requesting to buy back 1,095 days (3 years) of Other Public Employer Service Time with the Village of Key Biscayne.

A motion to approve all the buy back applications was made by Mr. Sibley and seconded by Mr. Diaz. Motion unanimously approved (7-0).

13. Disability reviews: The Administrative Manager recommends approval of the continued disability benefits for George Brown.

A motion was made by Mr. Sibley and seconded by Mr. Diaz to approve the continued disability benefits to Mr. Brown. Motion unanimously approved (7-0).

14. Discussion of recommendation from the Administrative Manager to send Service Connected Disability applicant, Jesus Garmas, to a Board appointed doctor as mandated in Retirement Ordinance Section 50-231.

A motion was made by Mr. Sibley and seconded by Mr. Garcia-Linares to approve service connected disability applicant Jesus Garmas to be sent to a Board approved doctor. Motion unanimously approved (7-0).

15. Submission of bills for approval. (Administrative Manager recommends approval of the following invoices).

The City of Coral Gables invoices for the rental of City's public facilities in the amount of \$1,294.44 (\$431.48/month) and general liability insurance in the amount of \$1,005.24 (\$335.08/month) for the months of October, November and December. The City started to bill the Retirement System quarterly for these payments at the beginning of fiscal year 2009-2010.

Mr. Garcia-Linares asks what these invoices are for. Ms. Groome explains that in the past at the end of the fiscal year the Retirement System paid the City for everything for the whole year. Now for accounting purposes, the City is starting to bill the Retirement System for the rental of the facility, which is the Retirement office, and the general liability insurance.

A motion was made by Mr. Sibley and seconded by Mr. Garcia-Linares to approve the City of Coral Gables invoices in the total amount of \$2,299.68. Motion unanimously approved (7-0).

At this time Mr. Sibley left the meeting.

The Bogdahn Group invoice no. 4658 dated December 28, 2009 for Performance Evaluation and Consulting Services from October 1, 2009 to December 31, 2009 in the amount of \$33,750.00. This invoice is in accordance with the contract between The Bogdahn Group and Coral Gables Retirement System signed on June 1, 2008.

A motion was made by Mr. Diaz and seconded by Mr. Garcia-Linares to approve The Bogdahn Group invoice in the amount of \$33,750.00. Motion unanimously approved (7-0).

16. Discussion, review and approval of the October 1, 2009 (draft submitted) as mandated by the Code of Ordinances of the City of Coral Gables, Article 3 Boards, Commissions, Committees, Section 2-66 Annual Report which was due to the City Manager by October 1, 2009.

Ms. Groome informs that this is the Annual Report mandated by the City ordinance which gives a report as to the fiscal year. It used to be due in January and they changed the date to be at the beginning of the fiscal year so the report is late but it needs to be done. Mr. Garcia-Linares asks about the amount of money that has been spent for travel expenses, annual memberships and the Wall Street Journal expenses. He would like a listing of the items and how much they spend.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Naclerio to approve the report with the amendment that a statement is made in the report informing that the Board is looking into whether or not they need to cut their expenses. Motion unanimously approved (6-0).

17. Discussion of a request from retiree Christopher Welling regarding retirees' income reported electronically to the Internal Revenue Service twice in 2007; once in a 1099R form and once in a W2 form. Mr. Welling is requesting that he be reimbursed for accountant's fees since he hired one to deal with the IRS regarding the problems they faced due to the double reporting.

This item was discussed under the Board Attorney's items.

18. Investment Issues.
Dave West reports on the end of calendar year investments. They had a rebalancing during the quarter. They put \$10 million to work and about \$5 million went to each of the bond managers. They are under allocated in the real estate and their long term objective is to get the allocation down to 5%. They are looking at a positive 18.72% rate of return for the investments at the end of December 31, 2009. The total domestic equity for the quarter added 5.81% and the total international equity added 3.76%. The bond managers combined were up 1.14% the real estate was 2.21% decline.

Chairperson Huston asks about Aletheia. Since inception the fund has earned -11% and the index is -4%. Mr. West informs that they are meeting with Aletheia this week so they

will be able to give the Board a fresh perspective on that meeting in February. They have to consider the nature of the strategy. It is very sector concentrated. It is going to subject to greater swings relative to the performance. Mr. Brown informs that they have requested that Aletheia come to the next Board meeting.

Chairperson Huston asks if they should consider taking more money out of the real estate asset. Mr. Brown informs that they have \$4.3 million more in the queue to come out. JP Morgan is making a strong case for reducing the request for the queue because they feel they are poised now to turn around. They have two marquee properties in the DC area that are priced at about \$600 per square foot and a comparable property was recently bought by a German company at \$801 per square foot. JP Morgan is of the opinion that a lot of their assets have been written below where they will actually end up trading when the liquidity returns to the market place. Financing has not been an issue for this particular fund. He informs that they are sticking to their queue request. Mr. West states that they are starting to see an emergence of discussion that looking at the valuation of these properties across the entire space people are starting to make a case that now is the time to commit to additional assets. In this situation they did have a long term target and wanted to get this product to a 5% allocation. The recommendation is still to get to 5% allocation in real estate with the intent to diversify the other 5% into another type of real estate products or other alternative investment considerations. They are ready to go forward with that.

Mr. Space thinks they should be able to discuss different types of investments in an environment like the Investment Committee meeting or a workshop so the Board members can communicate with each other and think through things. Chairperson Huston states that the forum for that type of meeting is at the Investment Committee. Mr. Naclerio informs that there is a standing invitation to each and every Board member to attend and participate in the Committee meetings. In the purposes of order and time he requests that the Board members communicate whatever they would like to talk about to the Administrative Manager who will put those items on the agenda.

19. Old Business.

Mr. Garcia-Linares asks where they are with the issue regarding the police. Mr. Greenfield responds that the system will be paid as soon as the 2008 Annual Report is approved.

Mr. Naclerio asks if they are working with the new auditors. Ms. Groome responds affirmatively. Mr. Naclerio asks how it is working out. Mr. Nelson replies that it is working out very well. They have reached an agreement on the engagement letter. There were two auditors present in the Retirement office last week and it has worked out very well. Their goal is complete their report in February. Mr. Garcia-Linares asks when the report is due. Ms. Groome responds that it is due on March 15th. Mr. Garcia-Linares thinks that if they need to move their February meeting to meet with the auditors to get the report approved on time then they need to do that. Ms. Groome explains that if the Board approves the report on the 11th of March then the report will in Tallahassee by March 15th. Mr. Garcia-Linares asks if they should be concerned that there maybe

questions regarding the report. Ms. Groome doesn't think they should be concerned. Mr. Garcia-Linares thinks the auditors should be told that the Board will move their February meeting to assist that the report will be turned into the State on time. If the auditors think that the report will be approved at the March meeting and turned in on time then they don't need to change the February meeting date. Mr. Space would like to have a progress report from the auditors. Mr. Nelson informs that will be no problem.

20. New Business.

Chairperson Huston welcomes the new Board member, Randy Hoff.

Meeting adjourned at 10:12 a.m.

Set next meeting date for Thursday, February 11, 2010 at 8:00 a.m. in the Youth Center Auditorium.

APPROVED

TOM HUSTON, JR.
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
RETIREMENT SYSTEM ADMINISTRATOR