

CORAL GABLES RETIREMENT SYSTEM
 Minutes of February 12, 2026
 Public Safety Building
 Community Meeting Room A
 2151 Salzedo Street
 8:00 a.m.

MEMBERS:	F	M	A	M	J	A	S	O	N	J	F	APPOINTED BY:
	25	25	25	25	25	25	25	25	25	26	26	
Sean McGrover	P	P	P	P	P	P	A	P	P	P	P	Mayor Vince Lago
Manny Carreno	E	P	P	P	P	P	P	P	P	P	P	Vice Mayor Rhonda Anderson
Alex Mantecon	P	E	P	P	P	A	E	E	P	P	A	Commissioner Castro
Juan Lucas Alvarez	P	P	P	E	P	P	E	P	P	P	A	Commissioner Ariel Fernandez
Derrek Space	-	-	-	-	P	P	P	P	A	P	P	Commissioner Richard Lara
Rene Alvarez	E	P	P	E	E	P	P	P	E	P	P	City Manager Appointee
Eibi Aizenstat	-	-	-	-	-	-	-	-	-	P	E	City Manager Appointee
Diana Gomez	P	P	P	P	P	P	P	P	P	P	P	Finance Director
Jose Rodriguez	-	-	-	-	-	-	-	P	P	P	P	Interim Director
Joshua Nunez	P	P	P	P	P	P	E	E	E	P	P	Police Representative
Troy Easley	P	P	E	P	P	P	P	P	P	P	P	Fire Representative
Sureya Serret				P	P	P	P	P	P	P	P	General Employees
Christopher Challenger	P	P	P	P	P	P	P	P	P	P	P	Member at Large

STAFF:

Kimberly Groome, Finance Administrative Specialist	P = Present
Manuel Garcia-Linares, Board Attorney	E = Excused
Dave West, Mariner	A = Absent
Edemir Estrada, Gabriel Roeder Smith	

1. Roll call.

Chairperson Diana Gomez called the meeting to order at 8:05 a.m.

2. Consent Agenda.

All items listed within this section entitled as also in attendance "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 8, 2026.
- 2B. The Administrative Manager recommends approval of the following invoices:
1. Verdeja De Armas Trujillo and Alvarez invoice #47293 for retainer (1st installment) of audit of financial statements at September 30, 2025 in the amount of \$6,800.
 2. Verdeja De Armas Trujillo and Alvarez invoice #47446 for retainer (2nd and 3rd installments) of audit of financial statements at September 30, 2025 in the amount of \$23,800.
 3. Gabriel Roeder Smith invoice #498144 for December 2025 administrative services in the amount of \$21,170.10.
 4. Gabriel Roeder Smith invoice #498148 for actuarial services during the month of December 2025 in the amount of \$2,536.00
- 2C. The Administrative Manager recommends approval of the DROP Retirement Benefit Certification for Torrie Wright (General Non-Excludable Employee).

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

3. Comments from Retirement Board Chairperson.

Chairperson Diana Gomez welcomed Patrick Friedman, the newly appointed City Human Resources Director, who attended the meeting as part of his role supporting the Retirement System. Mr. Friedman introduced himself and stated that he was previously with the City Attorney's Office and that his background is in human resources. He also noted that he looks forward to working with everyone. Chairperson Gomez also thanked Jose for stepping in as Interim Director.

Board members acknowledged his attendance and welcomed him to the meeting.

4. Items from the Board Attorney.

Attorney Manny Garcia-Linares reported that it has been a quiet month. He and Ms. Edemir Estrada completed a long-pending matter with a retiree. Additionally, the audit letter for the accountant was finalized, and the Board will review pension checks at the end of the year. The Board Attorney noted that overall matters appear to be in good order, with only one or two participants potentially having questions. No other updates were provided.

5. Items from the Third-Party Pension Administrator.

Plan Administrator Ms. Edemir Estrada reported that 1099 forms were distributed on January 30, 2026, with no errors reported. The transition from PenChecks to Northern Trust has been completed smoothly. Pension portal registration is ongoing, allowing retirees to access documents online. PenChecks will file tax information with the IRS by March 31.

The Board was notified of the death of retiree Dennis Current (January 13, 2026). The external audit is on schedule for presentation at the March meeting.

6. Investment Issues.

Mr. Dave West presented the calendar year review and provided perspective charts from the research group. He noted a potential thematic rotation in the market and emphasized that while broadening breadth may be occurring, it is too early to confirm sustainability. Discussion of S&P 500 valuations highlighted high concentration in AI stocks, with forward P/E ratios indicating a fully valued market. Historical comparison of the 50 largest S&P 500 companies since March 2000 demonstrated that, unlike the tech bubble era, current AI stock pricing is supported by earnings.

- **Key Market Observations**

- Concentration of returns in the “MAG7” stocks (Magnificent Seven) has created a headwind for active managers.
- Market breadth may improve if small- and mid-cap value stocks gain relative to AI-heavy growth stocks.
- Strategic decision: The Board opted not to move entirely into an index strategy after terminating a growth manager.
 - Active management via Winslow, an incumbent manager, was favored to manage risk associated with concentrated AI exposures.
 - The Russell 1000 Growth Index currently has 60% of its capitalization in these AI stocks, representing significant concentration risk.

- **Portfolio Review and Performance Highlights**

- 2025 S&P 500 return: 17.9% with significant intra-year volatility:
 - Market decline of 18.8% early in the year due to policy announcements
 - Recovery of 40.4% over subsequent months
- MAG7 contributed 22.96% to the index, compared to 17.8% for the S&P 500 and 15.26% excluding MAG7 stocks.
- Equal-weighted S&P 500 outperformance vs. cap-weighted index indicates potential rotation in market leadership.
- International equity allocations benefited from currency depreciation, increasing returns on foreign investments.
- Treasury yield curve review showed prior strategic advantage from the barbell trade (overweight cash equivalents, underweight longer maturities), which was later normalized.

- **Manager-Specific Updates - Brandywine (Value Manager)**

- Placed on intense watch due to underperformance over the past 2–3 years.
- Investment strategy is entirely quantitatively driven, with factors divided into early-cycle and late-cycle components.
- Recent market cycles, blurred by COVID and AI developments, have caused factor misalignment and contributed to underperformance.

- Inception: June 1, 2019
- Cumulative returns remain positive; underperformance largely affects 1-, 3-, and 5-year percentage averages.
- Investment committee is reviewing the strategy and will make recommendations, including potential manager replacement if necessary.
- Board discussion clarified that while Brandywine is underperforming the index in recent years, the manager is still generating net returns, albeit at a lower relative rate.

Winslow (Growth Manager)

- Experienced headwinds due to AI stock concentration but remains actively managed to mitigate risk.
- Board discussion concluded that moving to a passive Russell 1000 Growth Index would increase concentration risk (60% in MAG7 stocks).
- Strategy decision: Maintain active management with Winslow, monitoring for market rotation or AI stock the concentration before reassessing index options.

Board Discussion & Questions

- Comparisons of growth versus value performance and risk management approaches were discussed.
- Board members inquired about providing additional charts for Russell growth and value to support strategic decisions.
- Dave confirmed charts for P/E ratios and growth minus value comparisons could be prepared.

Action Items

- Continue monitoring Brandywine's value strategy; investment committee to provide recommendations based on performance review.
- Monitor Winslow's active management outcomes relative to AI stock concentration risk.
- Prepare comparative charts for Russell growth and value metrics for upcoming board review.

No formal action was taken by the Board on the investment report, which was received for informational purposes.

7. Old Business. No old business

8. New Business. No New Business
9. Public Comments.

Retiree Harry Pickering reported an issue affecting himself and several Coral Gables Police retirees regarding federal tax withholding on COLA distributions. Despite electing a 20% withholding at retirement, their 1099-Rs showed less than the elected amount had been withheld. He traced the issue through changes in plan administration, including PenChecks issuing 1099-Rs in 2021 and the transition to GRS in 2023.

Mr. Pickering praised GRS for responsiveness and quick resolution of similar cases but expressed concern that older retirees might face unexpected tax liabilities. GRS explained that retirees can submit a new W-4P to ensure correct future withholding, though historical elections may not be fully captured in the current system. The board discussed reviewing past records and sending notices to retirees to confirm or update their withholding elections.

10. Adjournment. Meeting was adjourned at 9:20 a.m.

APPROVED ON: _____