

CORAL GABLES RETIREMENT BOARD EXECUTIVE SUMMARY OF MINUTES

MEETING DATE: May 13, 2010

MEETING LOCATION: Youth Center Auditorium

Meeting called to order by Chairperson Tom Huston at 8:05 A.M.

Board Members in attendance: Steve Naclerio, Manuel Garcia-Linares, Tom Huston, Sal Geraci, Les Space, Agustin Diaz, Randy Hoff, Victor Goizueta and Troy Easley. Staff in attendance: Kimberly Groome, Administrative Manager; Donald G. Nelson, Finance Director; Alan E. Greenfield, Board Attorney; Troy Brown and Dave West, The Bogdahn Group; and Randall Stanley of Stanley Holcombe and Associates. Guests in attendance: Stephen W. Starnes of Mondrian Investments, John Grieco of Delaware Investments, Elsa Jaramillo-Velez, Human Resources Director and Patrick Salerno, City Manager.

AGENDA

1. Roll call.
2. Approval of the Retirement Board meeting minutes for April 8, 2010.
3. Approval of the Retirement Board Executive Summary minutes for April 8, 2010.
4. Items from the Board attorney.
5. Report of Administrative Manager.
6. Approval of Employee Benefits.
7. Submission of Bills.
8. Attendance of Steve Starnes and John Grieco of Delaware Investments.
9. Attendance of Randall Stanley of Stanley Holcombe & Associates.
10. Investment Issues.
11. Old Business.
12. New Business.

SUMMARY OF MINUTES IN ORDER AS DISCUSSED

AGENDA ITEM #2 Approval of Minutes

SUMMARY: The minutes for April 8, 2010 were unanimously approved.

AGENDA ITEM # 3: Approval of Executive Summary minutes

SUMMARY: The Executive Summary minutes for April 8, 2010 were unanimously approved.

AGENDA ITEM #4: Items from the Board Attorney.

SUMMARY: Mr. Greenfield reported that at the last Commission meeting the Commission unanimously passed a motion directing the City Attorney to request an opinion from the Attorney General as to whether or not the City has a right to pass an ordinance that would allow for an electronic quorum. Mr. Greenfield informed that the Spousal Acknowledgement forms the Board has been discussing is not a requirement by the State for a municipal plan to have but that doesn't mean that they shouldn't have it. The Board will discuss whether it is a form they want to have or not at a different meeting date. Mr. Greenfield brings up the fact that with Mr. Diaz leaving the Board that the Board will not have a Vice-Chairperson. He believes it is appropriate to have a new Vice-Chairperson elected from the employee group. The Board elected Mr. Goizueta as the Vice-Chairperson as of June 1, 2010.

AGENDA ITEM #5: Report of the Administrative Manager.

SUMMARY: The Board approved the Administrative Manager's report without discussion.

AGENDA ITEM #6: Employee Benefits.

SUMMARY: The Board approved the employee benefits for Elio Quintero (Retirement), Thomas Carrigan (DROP), Alan Matas (DROP), Agustin Diaz (Vested Rights Retirement) and Alfred Fernandez (Purchase of other public employer time).

AGENDA ITEM #7: Submission of bills.

SUMMARY: The Board approved the Stanley Holcombe & Associates and Alan E. Greenfield invoices.

AGENDA ITEM #8: Attendance of Steve Starnes and John Grieco of Delaware Investments.

SUMMARY: Steve Starnes and John Grieco of Delaware Investments (international equity manager) reviewed the portfolio's performance. They are a deep value manager using one yard-stick across the world. They use a dividend discount methodology for investing in stocks. They ask their analysts to look at companies around the world and find companies that cannot only distribute cash to their investors in the form of dividends but grow that dividend stream. They have extensive world-wide fundamental research with the emphasis on company visits being the central focus of the research process. They have a portfolio of about 30 to 50 stocks. There are four industry groups in their portfolio that shift due to their overweight or underweight and performance or non-performance. They are underweight in financial stocks and material stocks and overweight in energy, telecoms and health care. The two underweights were the reason the portfolio lagged in 2009.

AGENDA ITEM #9: Attendance of Randall Stanley of Stanley, Holcombe and Associates to present the 2009 Actuarial Valuation Report.

SUMMARY: Randall Stanley of Stanley Holcombe and Associates presented the 2009 Actuarial Report. As of October 1, 2009 the market value of assets was at about \$219 million and the actuarial value was at \$262 million. The actuarial accrued liability is \$460 million. The unfunded actuarial liability is \$198 million which is an increase of almost \$30 million from last year. The funding target is \$526 million. The year ending 9/30/09 there was a \$27.6 million net loss. Mr. Stanley suggested that the Board lower the 30 year amortization assumption to 10 or 15 years sometime in the future. Mr. Stanley thinks that the 7.75% rate of return assumption is reasonable. They are not recommending that clients make that assumption more conservative at this point. He points out that the Board should not chase the assumption rate in their investments. If they can't see getting pretty close to that assumption rate then at some point they will have to talk about changing the assumption. The assumption is a tail and they don't want it wagging the dog. The investment return increased the unfunded liability by \$22 million and increased the annual contribution by almost \$2 million.

AGENDA ITEM #9: Investment Issue.

SUMMARY: Dave West of The Bogdahn Group reported on the investments. The fund at the beginning of April was at \$244,289,373 and when closed April 30th was at \$244,233,544. On a fiscal year to date the portfolio has earned a 7.48% return. The Board provisionally approved the updated Investment Policy Statement so that the Board members can take their time reviewing the changes and will approve the final document at the next meeting.

The Board approved (6-2) the recommendation of the Investment Committee to hire Templeton and PIMCO with an investment of \$5 million to each manager with the money coming from domestic fixed

income subject to the approval of the Board Attorney. The two funds Templeton Global Bond fund and the PIMCO Diversified Income fund are global fixed income funds. The Templeton Global Bond fund focuses on emerging markets. They are getting an active manager that is looking outside for opportunities and getting significant increase in income in the investments. The PIMCO Diversified Income fund is a combination of three markets they are participating in; global investment grade, global high yield and global sovereign investments. The PIMCO team makes a determination of how much credit risk they are going to take and then determines which of those three areas they want to over emphasize or under emphasize.

Mr. West reported that the Investment Committee recommended further pursuit of the managed futures concept as a space they should be looking at and they will continue to vet managers for this asset. JP Morgan will be attending the June Board meeting to discuss the fund's current real estate asset and present their value added real estate product.

AGENDA ITEM #9: Old Business.

SUMMARY: The Board postponed discussion on the Spousal Acknowledgement forms.

AGENDA ITEM #10: New Business.

SUMMARY: The Chairperson welcomed the City Manager to the meeting and presented Board member Agustin Diaz with a Certificate of Appreciation from the Board because he is retiring from the City. Mr. Goizueta recognized the new Human Resources Director, Elsa Jaramillo-Velez.

The next Retirement Board meeting is scheduled for 8:00 A.M. on June 10, 2010 and will be located in the Youth Center War Memorial Auditorium. There being no further business the meeting adjourned at 10:47 A.M.