CORAL GABLES RETIREMENT SYSTEM
Minutes of March 12, 2015
Youth Center Theater/Auditorium
405 University Drive
8:00 a.m.

MEMBERS:	A-10 14	A-18 14	M 14	J 14	A 14	S 14	O 14	N 14	J 15	F 15	M 14	APPOINTED BY:
Andy Gomez	E	P	P	P	P	E	E	P	E	P	P	Mayor Jim Cason
Manuel A. Garcia-Linares	P	E	E	P	P	P	E	P	P	P	P	Vice Mayor William H. Kerdyk, Jr.
Appt. Needed	-	-	-	-	-	-	-	-	-	-	-	Commissioner Patricia Keon
Rene Alvarez	-	-	-	-	-	-	-	P	P	P	E	Commissioner Vince Lago
James Gueits	P	P	P	P	P	P	P	P	P	P	P	Commissioner Frank C. Quesada
Joshua Nunez	P	P	P	P	E	P	P	P	P	P	P	Police Representative
Randy Hoff	P	P	P	P	P	P	P	P	P	P	P	Member at Large
Donald R. Hill	P	P	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	P	Finance Director
Elsa Jaramillo-Velez	P	P	P	P	P	P	P	P	P	P	P	Human Resources Director
Keith Kleiman	-	-	-	P	P	P	P	P	P	P	P	City Manager Appointee
Pete Chircut	-	-	-	P	P	P	P	P	P	P	P	City Manager Appointee

STAFF:
Kimberly Groome, Administrative Manager
Alan E. Greenfield, Board Attorney
Dave West, The Bogdahn Group
Dan Johnson, The Bogdahn Group
Clement Johns, Goldstein Schechter Koch

P = Present
E = Excused
A = Absent

GUESTS:
C. Robert Campbell, Past Board member
Craig Leen, City Attorney
Sonali Wilson, PIMCO
Mariko Boswell, PIMCO
Mitch King, BlackRock
Tony Marek, BlackRock
Ronald H. Ayala, Fire Department
Daniel Amador, Fire Department
John Baublitz, FOP

Vice-Chairperson Randy Hoff calls the meeting to order at 8:11 a.m. Ms. Gomez, Mr. Easley and Mr. Gueits were not present at the start of the meeting. Mr. Alvarez was excused.

1. Roll call. There was a quorum. Chairperson Hoff presents Mr. Campbell with a Certification of Appreciation for his hard work and dedication as a Board member. Mr. Campbell states that he enjoyed working with everyone.

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 and Executive Summary minutes for February 12, 2015.

2B. The Administrative Manager recommends approval of the Report of the Administrative Manager.

1. For the Board's information, there was a transfer in the amount of $2,550,000.00 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 February for the March 2015 benefit payments.

2. For the Board's information:

    - Donald Lebrun, City Manager, passed away on February 13, 2015. His retirement date was January 1, 1988. He chose Option 2B – 66 2/3%. His beneficiary passed away in 2011 so his benefits have ceased.

3. For the Board's information, the following Employee Contribution check was deposited into the Retirement Fund's SunTrust Bank account:

    - Payroll ending date February 8, 2015 in the amount of $176,447.64 was submitted for deposit on February 13, 2015.
    - Payroll ending date February 22, 2015 in the amount of $180,840.41 was submitted for deposit on February 22, 2015.

4. Copy of the detailed expense spreadsheet for the month of February 2015 is attached for the Board's information.

5. For the Board's information the Northern Trust Securities Lending Summary Earnings Statement for February 2015 is attached.

6. A copy of the February 2015 FPPTA Newsletter is attached for the Board's information.

2C. The Administrative Manager recommends approval for the following invoices:

1. GRS invoice #412126 dated February 10, 2015 for actuarial consulting services for the month of January 2015 in the amount of $6,472.00.
2. Goldstein Schechter Koch invoice #20408791 dated February 6, 2015 for auditing services in the invoice amount of $7,769.81. (The prior balance of $11,000.00 was paid on February 23, 2015 – check #3775).

A motion was made by Mr. Garcia-Linares and seconded by Dr. Gomez to approve the consent agenda. Motion unanimously approved (8-0).

Craig Lean, City Attorney, provides an update for the mediation of the COLA. The mediation is scheduled for next week in front of George Knox. They were able to reach an accommodation with the Unions so that they can be present at the mediation. They are not negotiation with the Unions directly which would require it to be a public mediation. The hope is they will find a resolution and at that point they would have to discuss it with the Unions and if necessary do collective bargaining. He doesn't have a final decision as to the Board's participation through Mr. Greenfield. He will have that shortly. At the very least they would have an agreement to keep the Board updated.

Mr. Garcia-Linares asks about the status of the workshop. Mr. Leen responds that the Commission did have a workshop. It was the first of several workshops. He thinks it was a good workshop. It was more focused on what are the long term plans going forward and they were looking mostly at whether or not to use a bond.

At this time Ms. Gomez arrives at the meeting.

Mr. Leen informs Ms. Gomez that he was giving an update on the COLA mediation and he was asked about what happened at the Commission workshop. He told the Board that it was the first of several workshops and the question of this workshop was what sort of long term solutions can be related to the unfunded liability. He thought that Ms. Gomez would know more. Ms. Gomez informs that they did talk about a pension obligation bond but it was not something that was explored much further. It is a risky proposition and she thinks the main focus was talking about how they can eventually make additional payments to reduce the unfunded liability. They currently have a budget of $26 million for the pension payment and the pension payments are coming down slightly but if they continue to pay at that level it shows how they could finish paying the unfunded within 15 years instead of a 30 year amortization period. Mr. Leen states that there was no decision made but it seemed like the Commission was more interested in paying the unfunded liability over time as opposed to a bond.

At this time Mr. Gueits arrives at the meeting.

Dr. Gomez expresses his disappointment in the workshop. He thought it was Finance 101 but then again that is the political climate they live in today. He thought it was going to be a joint workshop between the Board and the Commission and the Commission decided to keep them out of the discussion. He can see the reasons why. He thinks they need to have their own workshop. He thinks they should develop a model of how some of these issues are going to have to be addressed and then sit down with the Commission and come to an agreement that would be useful. This is going to continue to go on and on and nothing is going to get resolved. He thinks they have a fiduciary responsibility as a Board to take it up and deal with it rather than passing it on. He thinks they should have their own workshop at the Graduate level and not at the Undergraduate level. Mr. Leen thinks that having their own workshop or discussing these issues is perfectly fine. They are within their discretion to do that. He thought it was a very a serious workshop. Paying more each year to resolve this issue is a legitimate solution and it is something within the City's power to consider that. It seems like there was a commitment to that. Dr. Gomez points out that he did not say it wasn't a serious discussion it was just very elementary. If the Mayor and the Commission don't know about those issues they discussed at that meeting then they have a very serious problem. He understands they all have political connotations and they have an election coming up but he is not willing to wait for the City Commission to deal with these issues alone. He feels the Board has a responsibility to come up with a model or a preliminary model that will move them forward. Ms. Gomez informs that the Commission's direction to City Staff was to provide an informative session about these issues and to have more of a presentation to explain the unfunded liability and the pension obligation bonds and an option for funding the liability. She thinks one thing that came out and was made very clear was that the unfunded liability was created from the past and it is there and they have an obligation to pay it. The only real way to make it go away at this point is to pay it. They have made a lot of pension reforms moving forward and that message was clear at the workshop.

Mr. Garcia-Linares thinks that if the Commissioners would just at least read the Board's minutes that come out of this meeting for the last several years they would have learned everything they probably learned at the workshop. He just glanced at the handout from the workshop and it does look very basic. It is very easy to say that for the last 13 years they have had losses and therefore the unfunded was created but what about all the other years they had good years but they funded much less than they should have funded. Ms. Gomez informs that every year the City has always funded the required amount. Mr. Garcia-Linares understands but the unfunded has been there since then so if the City would have funded more in those years they would not be where they are at now. It seems very basic. He still doesn't understand that the Commission appoints Board members to the Retirement Board and the Commission relies on the Board members to make certain decisions. Why wasn't the Board members part of this workshop? Ms. Gomez responds that the Commission requested a workshop for them where people can attend but not participate. That was the direction given. She doesn't think the Commission is against having a joint workshop at some point.

Dr. Gomez thinks that before the Board has that workshop they need to come up with some ideas or model of funding the unfunded liability rather than having a joint meeting and having the same discussion they had two weeks ago. He doesn't want to have a joint workshop until the Board has some ideas on where this needs to go. That is part of the issue. There are some very difficult decisions that need to be made and they have to address it. He thinks they need to have a special meeting for the workshop.

Chairperson Hoff thinks that part of the frustration the Board members have is that the Board has been trying to have a joint workshop with the Commission for about the last five years and it has not happened yet. Ms. Gomez doesn't think that a formal request was made to the Commission. Mr. Garcia-Linares disagrees. Ms. Gomez hasn't seen a resolution that the Board is requesting a workshop with the Commission. Mr. Garcia-Linares responds that the minutes say that the Board requests to have a joint workshop. It is in the minutes and they are not reading the minutes.

3. Presentation of the 2014 State Annual Report and final 2013-2014 audit report by Goldstein Schechter Koch. *(Agenda Item 4).*

Clement Johns presents the 2014 State Annual Report and final 2013-2014 audit report to the Board. The major reason for the audit is to file the State Annual Report to the State. He will need a signed page by the Chairperson and Secretary which is notarized. The State report takes the numbers from the financial statements and puts it in the annual report to the State. In addition to that there are about 200 pages of attachments that list contributions by participants and benefit payments by retirees. It takes every item in the financial statements and requires documentation supporting it.

Ms. Gomez asks about the date of the audit report and the opinion date. Mr. Johns informs that the opinion date is the date the report was approved. Ms. Gomez informs that will cause a problem for the Finance Department. A letter is requested from GSK to state that there has not been any recent changes since the last financial report. Mr. Johns asks if anything financially significant happened between the period of the last meeting and now to change the report. The Board agrees nothing has happened and Mr. Johns acknowledges that the State Report should be completed as of March 14, 2015.

A motion was made by Ms. Gomez and seconded by Dr. Gomez to approve the 2014 State Annual Report. Motion unanimously approved (10-0).

4. Attendance of Sonali Wilson and Mariko Boswell of PIMCO reviewing the TacOps and Disco II funds and presenting information on their Global Tactical Allocation fund. *(Agenda Item 5).*

Sonali Wilson of PIMCO introduces her colleagues Lalantika Medema and Mariko Boswell. Ms. Medema is a PIMCO product manager and Ms. Boswell works on the public channel and is the dedicated client servicing person for the Coral Gables account.

At this time Mr. Easley arrives at the meeting.

Ms. Wilson informs that both portfolios remain areas of high conviction at PIMCO. They are adding resources and continuing to find opportunities. The Disco II portfolio that the Board invested in back in January 2012 has a cumulative net return of 74% since they have invested. They put $12 million into the fund in 2012 and today that $12 million is worth $21 million. On an annualized basis that return is about 20% net annualized and has had 1/3 of the volatility. The Disco II strategy is a distressed senior opportunity fund. The focus of that strategy has been on the senior securities within the capital structure. These securities are defined as having very little credit risk. The primary risk they are taking was more liquidity and being able to hold securities through market volatility. They continue to see it as an attractive opportunity. Since the market crisis, credit markets have tightened and prices have appreciated so the Disco II opportunity when they were first investing had a return target of net 10% to 12% annualized. They have lowered the return target to 7% to 9% on an annualized basis going forward in recognition of the fact that there is still tremendous opportunity. This portfolio they constructed a number of years ago is virtually impossible to recreate today. Given the change in the return profile what they have seen investors doing is those using it as an opportunistic or alternative allocation in the past have started to migrate this portfolio into more of a fixed income allocation as a move to get enhanced returns from their fixed income portfolios.

Ms. Wilson continues. The Tactical Opportunities side recognizes the evolution of the opportunities like what banks are selling and what is most attractive today. It goes a little lower in the capital structure taking a little more credit risk and recognizing from a liquidity perspective these assets that go a little lower in the capital structure require a little less liquidity and require time to work things out. The Board invested in that portfolio in August 2013 and since then it has returned a cumulative of 11%. The Board invested $15 million in that portfolio back in August 2013 and today that number is closer to $17 million in terms of appreciation. It has a 7% net annualized return. They are still targeting the 10% to 12% return over the longer period.

Mr. West asks for Ms. Wilson to speak to the leverage strategy. Ms. Wilson explains that within the Disco strategy as they thought about the options like what can they do with this strategy, what is the rate of return and how they can return capital back to clients a third area is do they add financial leverage to get to the old return target. From their perspective it wasn't prudent and it was not the way they would want to manage their retirees' portfolios. So the leverage profile for the Disco II strategy has been in the two to three times range and within the Tactical Opportunities strategy leverage is in the one and a half to two times range.

Ms. Medema reviews the Disco II fund. There are five characteristics to this portfolio they find underlie why they feel this fund is still a very attractive investment. This is a portfolio of senior seasoned assets. It would be nearly impossible to replicate this same portfolio today. What they benefit from, as a result of building this portfolio, is a history of nearly a decade of cash flows and payment activity that gives them as managers a better sense of what to expect on a perspective basis from these underlying investments. The second element is the attractive carry-on of the portfolio. It currently stands at about 8% on an option adjusted yield basis. It has been in that area for the last quarter and at about 7.5% to 8.5% for the last year. The third element is the diversification. They view this as one of the most attractive areas to gain adjusted returns. The fourth element of the strategy is they have been running the portfolio for nearly a 38 month period. During that 38 month period they have only had 4 down months. This is a portfolio that has shown stability over that 4 month period and that was a more volatile period than what they are experiencing in today's market. The fifth element is the liquidity of the portfolio. When they built this portfolio they were very volatile during that time period but looking at the market today you see much better pricing performance and much better stability which has contributed to this being a more liquid portfolio going forward. One of the big questions they always have from investors is how will this portfolio be impacted in a rising rate environment. It is one of the topics that the Fed has talked about recently. The market is expecting interest rates to rise in the second half of this year. This is a portfolio where the bonds are actually floating rate insurance so as interest rates change the coupon on these bonds will also adjust with that change in interest rates. From that perspective you have a portfolio that is also protected and less reliant on future interest rates.

Ms. Medema reviews the TacOps portfolio. This is a fund that focuses on opportunities often overlooked by hedge funds and private equity strategies. The fund currently stands at $580 million as of the end of February and the target net return still remains at 10% to 12%. There are three benefits to this strategy that they see as positive tail winds and drivers to meeting their target return. The first is limited competition. Many hedge funds and private equities are not looking at these same assets. Hedge funds have monthly or quarterly liquidity needs they need to meet so the underlying investments in this fund will not fall into the liquidity measure there. Private equity strategies have 15% plus return targets that are much higher than the 10% to 12% they are targeting in this fund. The second element is the nimble size. At $580 million it is a strategy that focuses on smaller size positions and still see tremendous value and impact from performance of those positions. In many cases larger hedge funds or multi-dollar private equity strategies are looking for $100 million to $200 million opportunities to deploy that capital and resources. For this strategy, they will look at opportunities that are $2 to $5 million in size because they realize that those are also instances where less of the market is focused and they are able to use their resources and their knowledge base as an advantage. The third element is their private equity resources. PIMCO has a tremendous traditional business which is complemented by their private equity business. This is something that is a key advantage to this strategy. When they look at commercial loans in the TacOps portfolio they are able to connect directly with their PIMCO portfolio managers on the private equity real estate side to underwrite the buildings backing those loans. This is a direct connection they think is essential to underwriting the investment at the time of purchase and also managing the workout and ultimate resolution of that investment.

Mariko Boswell discusses the Global Tactical Allocation strategy. These are broader strategies unlike the existing strategies they have with PIMCO. These are strategies that can invest across the full spectrum of liquid asset classes. They are equities, fixed income, commodities, and inflation linked bonds as well as some liquid alternatives. These are strategies they launched in 2002 in recognition of three issues that investors face. The first is recognition that a traditional 60/40 allocation may not be enough to achieve investor return objectives. The second is most plans have high equity allocation which drives the need for risk diversification. The third is that investors need returns that exceed inflation. They launched two versions of the strategy; the PIMCO All Asset Fund which is at $31 billion today and the PIMCO All Asset All Authority Fund which is at $19.5 billion today. In terms of the fund’s structure, this is a strategy they run in partnership with another firm called Research Affiliates. They are a well-known leader in quantitative research driven asset allocation strategies and the structure of the fund is a fund of funds.

Research Affiliates is responsible for the tactical asset allocation across the asset classes and PIMCO is responsible for managing the funds which Research Affiliates is allocating across. For the All Asset Fund the strategy targets a return of CPI plus 5% over a business cycle and the All Asset Authority is higher at CPI plus 6.5%. They seek to achieve these return objectives with modest volatility and historically that has been about 9%. They achieve these objectives by considering global diversified opportunities beyond the traditional stock and bonds and take advantage of two sources of value add. One source of value add is from the alpha that PIMCO can generate in the underlying funds and another source of excess returns is from Research Affiliates successfully making the asset allocation calls. There are eight asset classes that Research Affiliates can tactically allocate across. They are U.S. equity strategies, Global equity strategies, Short-term strategies, Inflation related strategies, Alternative strategies, U.S. core and long maturity bond strategies, EM and global bond strategies and credit strategies. To express these asset classes, Research Affiliates can choose across 54

PIMCO mutual funds. There is a five step process that Research Affiliates uses to determine the asset class and to determine which PIMCO mutual funds to invest in to express their asset allocation views. The process starts with a long term view and then it goes to a more intermediate term view based on valuation. The last step in the process is what insights are not in the data because it is a historical data driven process. It is important to know what the model is missing.

Since inception the All Asset Fund has delivered 7.7% after fees and the All Asset Authority has delivered 6.16% after fees. The fees are fixed fees. For the All Asset Fund it is 86.5 basis points. Research Affiliates takes 22.5 basis points and PIMCO is capped at 54 basis points. For the All Asset Authority fund it is 94 basis points. Research Affiliates takes 25 basis points and PIMCO takes 69 basis points. It is a daily liquidity mutual fund.

5. Attendance of Mitch King and Tony Marek of BlackRock presenting information on their Multi-Asset Income fund.

Mitch King is the institutional client manager and works with pension plans in Florida and along the east coast. He introduces Tony Marek who is the senior portfolio strategist and works with the multi-asset portfolio group. He is the expert of the fund. As this investment team tries to find that correct balance between yield and risk, they can also rely on the preeminent risk management technology in the business which is a proprietary system that BlackRock developed called Aladdin. Aladdin is used by the most sophisticated, largest investors in the world to understand their risk in a granular way and that helps their investment team deliver the results they want to deliver.

Mr. Marek thinks that Global Tactical Asset Allocation (GTAA) is basically an adaptation to the changing market environment. GTAA is an extension of that adaptation in focusing their view of the outcome of the client and what objective are they trying to hit. He thinks GTAA gives people the opportunity to do something about the challenges they face that individual asset classes by themselves cannot answer. The portfolio began in 2008. In 2011, when the Treasury was downgraded, their view at the time was rates could stay low for an extended period of time. Investors will be forced to take increased levels of risks by buying bonds that are longer in maturity at a time of low rates to find that cash flow or moving down in credit quality to find that additional yield.

BlackRock is a fiduciary and do investment only. They invest more money for teachers, police officers and firefighters than any other firm in the Country. Over the last three years they are the only portfolio that has been able to deliver yield above 5%, kept its fluctuation in its price less than 5% and provided over 10% annualized return over that three year time period. Fifty-three percent of the world's population this year has experienced some sort of quantitative easing. Eighty-four percent of bonds on earth yield less than 4%. Their current yield of 5.15% with a low volatility is very attractive. In a low growth environment and low rate environment yield on assets is a big driver on the total return and it also helps out a lot with reducing the volatility because you have cash flow coming in every month to offset that. In many ways these strategies are growing in alternatives because they can be viewed as much more absolute return oriented than traditional long only growth focused strategies or fixed income entirely where you might be susceptible to the head winds of rising rates or a low rate environment.

They have kept a very consistent yield in the portfolio which has helped drive their return however they do have the flexibility to manage that yield a little bit in the context of keeping the risk in the portfolio low. The most risk they can ever own in the portfolio is a mix of 50% bonds and 50% stock. If you were to take those two indices and put them together and invest in them long you would only be left with a 2 ½% yield overall. They have doubled that yield with less risk and provide a good total return as well. This is a risk first approach to managing yield for a total return oriented investor. They have never breached that 50/50 benchmark but they have gotten close to it sometimes. They try and stay lower in volatility than their risk budget allows them to do. They are trying to keep the risk as low as possible to generate a competitive yield. You can't avoid risk entirely but you do have to take some risk to get that yield.

Mr. Marek explains why GTAA is different than traditional investments. They have a risk first approach to generating income. Secondly they have an unconstrained investment universe that seeks attractive income opportunities across geographies, sectors and asset classes. Thirdly they have a tactical, flexible investment process that is required to deliver competitive income while managing volatility. They have very low correlation to bonds but good yield. Investors are looking for them to provide diversification to their fixed income instruments that provide low yield and provide a good outcome for clients. They have a very diverse team with BlackRock. He discloses that Peter Wilke who is the Director of the portfolio resigned from BlackRock last week. He was given a unique career opportunity as a portfolio manager at another firm. They have a very diversified portfolio. It is not static. They move the portfolio in a way that is designed to minimize the risk exposure they have and keep the yield as competitive as it can be.

Mr. Marek reviews the current portfolio exposures. People are worried about the Fed raising rates in 2015. That creates volatility. They have eliminated all the risk for any bond that comes due over the next five years that is at greatest risk of Fed tightening. They have zero exposure to that interest rate aspect in this portfolio. That is an example of interest rate hedging that would protect against volatility. They have 12.38% exposure to Europe but their actual exposure to the underlying currency is less than 50 basis points. So they have a 12.38% exposure to the assets which are more attractively valued in the U.S. but less than 50 basis points to the currency which is a big problem now in global markets. It is a very tactical approach using complicated strategies and philosophies but driving yield and driving return and keeping risk as low as possible. Even though the markets are relatively flat this year their portfolio is up over 1%. A strategy like this fits very nicely in an alternative space.

The way the fund is structured is unique. They are a diversified holding of instruments but they are not a fund of funds. It is priced very attractively at 55 basis points. It has been the fastest growing strategy in the history of BlackRock going from $40 million at the end of 2011 up to $16 billion now as the market has recognized it. There are many funds that are 10 times the multiple of them but it is the fact they have done so well from a risk management perspective that has accelerated their growth. Last year they were the single largest inflow of multi-asset mutual funds in the world because of their performance in down markets and yield. They deal every day with teams around the world getting their take on the market and giving them instructions on the criteria they would like to deliver on.

In January of 2014 they were really concerned about some of the returns and high yield. They worked with a team that does not manage to a high yield benchmark but manage to the criteria they give them and said to them that they want to make sure they sell their bonds in the event they need to. The team's response was to get rid of their CCC debt exposure. So they decided to do that because that is where liquidity is poor. The CCC debt historically defaults on average at 34% which is one in three bonds will default. That wasn't the type of risk they wanted to have in the portfolio so they instructed the team to liquidate the CCC exposure so they would have better liquidity. It took nine months for them to feel good about that trade because CCC kept going up in value. Then in Q4 last year CCC debt got crushed. They handle the hedging and the asset allocation decision making and they work with teams all over the world so technically their mutual fund is actually a fund of sleeves of separately managed accounts with hundreds of investment professionals looking at the portfolio. That reflected in the fact that over 3,000 securities are held inside multi-asset income. They have a massive diversified exposure in individual security risk at an attractive 55 basis points.

6. Investment Issues.

Dave West addresses investment issues. A brief discussion was made on which group to go with for the GTAA fund. Mr. West acknowledges that it was fully disclosed that BlackRock had a departure of one of their portfolio managers. He doesn't anticipate a change of opinion from The Bogdahn Group but he would like to reserve the opportunity for their research team to look into the change at BlackRock and get back to the Board with an affirmation or not of that decision. They should have a decision from their research team by the next meeting.

Mr. Garcia-Linares suggests going with BlackRock after full research is done by Bogdahn. He doesn't want to put all his eggs in one basket and he liked BlackRock and their presentation. Dr. Gomez agrees. Mr. Gueits adds that BlackRock is cheaper by roughly 30 basis points. Mr. West informs that the BlackRock fund is 55 basis points and there are no lock-ups with daily liquidity and that is very attractive. Manager diversification is also a good point. Mr. Gueits asks if TacOps and Disco II are redundant with the exception that they are investing in securities that are lower on the capital structure. Mr. West agrees. They are still focused on the same master asset class and they are still buying the same debt classification but it is in a different place of the capital structure. There may be some potential redundancy because the same six CIO teams are the ones who are imparting an opinion or oversight over each of the PIMCO strategies. That general direction is going to be reflected under each of those funds.

Mr. West reviews the monthly performance. February was a phenomenal period of time. The fund for the month was up 4.07% net. For the fiscal year to date the fund was at 5.75% rate of return. Every active manager met or exceeded the benchmark for the month. They opened the month with $349,266,376. Contributions were $7,701. Pension distributions were $2,550,000. Investment management fees invoiced and paid on the month were $108,889. Other expenses were $3,179. For the month in income they picked up $410,178 and a substantial appreciation of $13,903,186. The fund closed the month at $360,925,374.

At this time Mr. Garcia-Linares left the meeting.

7. Items from the Board attorney.

Mr. Greenfield reports that he filed an appearance in the Nyhart case. They have filed Request for Admission, Interrogatories, and Request for Production. It is voluminous. He spoke with Jim Linn and his office in Palm Beach is handling the litigation. As far as the COLA case, he contacted the City Attorney and asked him whether or not it was decided that the Board could or could not participate at least as spectators at the mediation.

Mr. Greenfield informs that he asked Ms. Groome to put on the items Continuing Education, Sunshine Law and Fiduciary responsibility on the agenda.

1. Continuing Education – Florida Statute 112.661(14) and Investment Policy Statement.

   Mr. Greenfield explains that the idea of continuing education is something that is required by the Florida Statutes for Board members. It doesn't have to be at a formal meeting such as attending the FPPTA. You can get your education otherwise and his talking to the Board is one of the aspects of education. It is important that the Board members do try and participate as much as possible in the continuing education that is available. That particular thought segued into a request by the one of the Board members of a situation that occurred between a Board member and his supervisor with the City. He explains that a Board member, who is also an employee of the City, was told by a supervisor that he had attended enough education for the year and could not attend any more education seminars. He thinks that by not allowing the Board member to attend the educational seminars is over stepping the City boundaries to tell the Board members the amount of education they need and or don't need. The Statute does explain that Board members are to be educated but it doesn't go into detail on the amount of education. He spoke to the City Attorney about the matter and the City Attorney informed he was in favor of the Board having a Resolution saying the City should not interfere with the Board's educational process and that he would talk to the Human Resources Director about it and the supervisor would be told not to interfere. When they listen to the financial people talk to them the Board needs to understand what they are saying and the only way to understand what they are saying is to be educated so the Board members can speak the same language.

   Ms. Jaramillo-Velez asks when any member on the Board goes to any type of conference does the Board approve it. Mr. Greenfield doesn't know if they have ever had a specific vote on a specific school or conference. He knows the Board traditionally has always said it is a matter of policy that any Board member who wants to attend a school or conference that would educate them or make them more a more effective trustee can attend. That has been the totality of the discussions. Mr. Easley states that he talks to a lot of other trustees in other plans who attend the FPTA conferences and that attending the FPPTA conferences is not an issue because they are three times a year for a few days. The issue is when a conference is out of State. Those individuals have told him that when a conference is outside the FPPTA that they seek approval from the Board.

   Mr. Gueits suggests that Mr. Greenfield organize some local workshops. Mr. Greenfield believes that is an idea that the Board can consider. Ms. Groome informs that the FPPTA has two trustee schools in January and October and then the conference in June and that the Board members have been able to attend the FPPTA conferences. Mr. Greenfield points out that this Board has been very prudent regarding education.

2. Review on Florida Sunshine Law and Fiduciary Responsibility.

Mr. Greenfield informs that this Board is a fiduciary for every participant in the fund and the Board has the responsibility to act with the upmost trust and confidence in handling the assets of the participants in the plan. As a fiduciary you could have conflicts. If conflicts arise obviously you must not participate in a manner where your personal conflict would conflict with you duties as a whole. He tried to find cases that have been litigated where the Board was composed of many appointees by the City who are not employees of the City and he could not find it. He wanted to bring up the fact that because the Human Resources Director, the Budget Director, the Treasurer and the Finance Director are trustees their primary responsibility as trustees is to the pension plan and participants. If their position in the City causes a conflict in regards to the activities of those trustees then those trustees could be breaching their fiduciary responsibilities. They must be sure to not give the semblance of impropriety. The plan is not under ERISA. There is no built in definition of the fiduciary relationship in the public sector. The Legislature states that trustees should be held to the same standard as the ERISA standard which is the prudent man rule which is to act prudently in everything you do. He wanted the Board members to recognize that being a fiduciary does bring responsibility and being a fiduciary is a very important mantle that each one of the Board members holds.

Mr. Greenfield discusses the Sunshine Law. Florida's Government-in-the-Sunshine law provides a right of access to governmental proceedings at both the state and local levels. It applies to any gathering of two or more members of the same Board to discuss some matter which will foresee or come before that Board for action. He goes on to explain there is also a constitutionally guaranteed right of access. Virtually all state and local collegial public bodies are covered by the open meetings requirements with the exception of the judiciary and the state Legislature which has its own constitutional provision relating to access. Board members cannot get together whether at work or away from work to discuss any Board topics at all. The whole idea is that the public be made aware of everything that is going on and that there is a great amount of transparency in everything. They have not had a Sunshine violation. You can’t get together whether at work or away from work and put their heads together and talk about any Board business at all. Then they could be violating the Sunshine Law because they might be discussing some vote that might be coming up in the next meeting. They have to work hard to make sure they don’t give the perception to people generally that they are talking about Board business and don’t talk about Board business.

Ms. Gomez asks to backtrack on the previous topic and she begins to clarify what the situation was that occurred with why the employee was not allowed to attend the educational seminar. The question was asked to provide justification as to why the employee wanted to attend all three conferences. No one was denied the request. She continues by stating that she is very disappointed that this had to be brought up at the

Board meeting as to being brought to her. She just wanted to have a justification to be provided as to why all three conferences were necessary to attend. Ms. Groome points out that this issue has come up repeatedly with firefighters and police officers also.

Mr. Greenfield continues with discussion of the Sunshine Law. He reiterates that the Board members must be careful not speak on Board meeting topics. If they were seen having a meeting no one person would question the parties seen and ask if they were discussing Board business. Dr. Gomez states that there is City business and Board business. He doesn't want to preclude Mr. Chircut, Mr. Kleiman, Ms. Gomez or Ms. Jaramillo-Velez or other city employees' from discussing City business that can have an effect on the Board or not. He believes that they are professional and this should not be an issue. Ms. Gomez expresses that she and Ms. Jaramillo-Velez are very conscious of not being in the same room when topics arise that can conflict with their positions on the Board. Mr. Greenfield doesn't know if anyone in the public has complained and it doesn't mean there won't be a complaint but they have to be prepared to know that perception is an important item in someone's determination as to whether they are treated fairly or not.

At this time Mr. Easley left the meeting.

Chairperson Hoff asks if they need a Resolution. Mr. Greenfield explains that the City Attorney said they could pass a Resolution dealing with the fact that employees are entitled to have their education and that supervisors should not interfere with their educational efforts. The Board could interfere with them but not supervisors. Ms. Jaramillo-Velez does not feel comfortable just approving any like that. She expresses that there should be guidelines. Ms. Gomez thinks they should put it on the agenda for discussion as to what is considered reasonable and necessary. She is all for education and for her employees to further their education. Mr. Greenfield states that was not the issue. The issue is individual supervisors telling a Board member how much education they should or should not have.

Chairperson Hoff thinks they need to put this on the next agenda for further discussion.

Mr. Greenfield comments that the last thing he wants to say regarding the Sunshine Law is that Ms. Groome sends out emails to the Board members, he gets a copy of those emails. Sometimes he will get a response and sees that the Board member has sent the response to all Board members. It should not be that way. He thinks it is a bad habit to get into. It is better that when you get something from Ms. Groome to answer her only and not reply all.

Ms. Groome introduces the new Retirement System Assistant, Lisa Coffy. Ms. Coffy introduces herself. She was previously employed by Pension Benefit Guarantee Corporation. She was a Junior Pension Administrator there for three years and she is happy to be with the Coral Gables Retirement System.

Chairperson Hoff presents Mr. Gueits with a Certificate of Appreciation for his dedicated service as Chairperson for four years.

8. Old Business.
   Dr. Gomez informs that he will work with Ms. Groome and work out details on the workshop.

9. New Business.
   There was no new business.

10. Public Comment.
    There was no public comment.

11. Adjournment.

The next scheduled Retirement Board meeting is set for Tuesday, April 14, 2015 at 8:00 a.m. in the Youth Center Auditorium.

Meeting adjourned at 11:11 a.m.

APPROVED

RANDY HOFF
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER