CORAL GABLES RETIREMENT SYSTEM
Minutes of August 12, 2021
Community Meeting Room
Public Safety Building – 2151 Salzedo Street
8:00 a.m.

MEMBERS:	A 20	S 20	O 20	N 20	J 21	F 21	M 21	A 21	M 21	J 21	A 21	APPOINTED BY:
Andy Gomez	P	E	P	P	P	P	P	P	P	E	P	Mayor Vince Lago
Alex Mantecon	P	P	A	P	P	P	P	P	E	P	P	Commissioner Jorge L. Fors, Jr.
James Gueits	P	P	P	P	P	P	P	E	P	P	P	Commissioner Michael Mena
Michael Gold	P	P	P	P	P	P	E	P	P	P	P	Commissioner Kirk Menendez
Katherine Newman	-	-	-	-	-	-	-	-	-	P	P	Commissioner Rhonda Anderson
Joshua Nunez	P	P	P	P	P	P	P	E	P	P	P	Police Representative
Christopher Challenger	P	P	P	P	P	P	P	P	P	P	E	Member at Large
Marangely Vazquez	P	P	P	P	P	P	P	P	P	P	E	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	E	P	P	Finance Director
Raquel Elejabarrieta	P	P	P	P	P	P	P	P	P	P	P	Labor Relations and Risk Management
Rene Alvarez	P	P	P	P	P	E	E	P	P	P	P	City Manager Appointee
Andy Mayobre	-	-	-	-	-	-	-	-	P	E	E	City Manager Appointee

STAFF:
Kimberly Groome, Administrative Manager
Manuel Garcia-Linares, Day Pitney LLC
Dave West, AndCo Consulting

P = Present
E = Excused
A = Absent

GUESTS:
Yolanda Menegazzo, LagomHR
Pete Strong, Gabriel Roeder Smith
Tom Zelenak, IAFF
David Vargas, IAFF

1. Roll call.

Chairperson Gold calls the meeting to order at 8:05 a.m. There was a quorum. Mr. Mayobre, Mr. Challenger and Ms. Vazquez were excused. Mr. Challenger, Dan Johnson of AndCo Consulting and Matt McCue of Financial Investment News joined the meeting via Zoom.

2. Consent Agenda.

All items listed within this section entitled "Consent Agenda" are considered to be self-explanatory and are not expected to require additional review or discussion, unless a member of the Retirement Board or a citizen so requests, in which case, the item will be removed from *the Consent Agenda and considered along with the regular order of business. Hearing no objections to the items listed under the "Consent Agenda", a vote on the adoption of the Consent Agenda will be taken.*

2A. The Administrative Manager recommends approval of the Retirement Board meeting minutes for June 10, 2021.

2B. The Administrative Manager recommends approval of the following invoices:

1. City of Coral Gables invoice for April 1, 2021 to June 30, 2021 in the amount of $33,614.81 for expenses of the Retirement System paid out of the General Ledger account of the City.
2. Gabriel Roeder Smith & Company invoice #462647 in the amount of $3,991.39 for May 2021 Actuarial Services and invoice #463356 in the amount of $6,300.39 for June 2021 Actuarial Services.
3. AndCo Consulting invoice #38345 in the amount of $38,062.50 for investment consulting services for April through June 2021.

2C. The Administrative Manager recommends approval of the following Retirement Benefit Certifications:

1. <u>DROP Benefits:</u> Robert Wentzell (Police), Frank Rodriguez (General/Teamster), Noel Polo (General/Teamster), Frederic Dewhurst (Police), Manuel Reboiro (General/Teamster), Klaus Reinoso (Police), Virginia Goizueta (General/Excluded).
2. <u>Retirement Benefits:</u> Pete Chircut (General/Excluded), Linda Renville (General/Teamster).
3. <u>Vested Rights Benefits:</u> Maria Higgins Fallon (General/Excluded), Ismel Perez (Police).

A motion to approve the Consent Agenda was made by Mr. Mantecon and seconded by Mr. Easley. Motion unanimously approved (10-0).

3. Comments from Retirement Board Chairperson.

Chairperson Gold states that he is proud every time they meet to be a member of this Board. He thinks their partners are doing a great job and the professionals under their employ are doing a wonderful job. He thinks the City is walking hand-in-hand with them and at their last town hall meeting with they walked the Commission through what they have done over the past decade with where they have been, where they are headed and the town hall was an unbelievable success. He is truly proud to be part of this. They have wonderful news today and they hit another unbelievable milestone. The fund hit $500 million and Mr. West will report on that when it comes time for him.

4. Items from the Board Attorney.

Mr. Garcia-Linares informs that over the summer he and Ms. Groome have worked on a couple normal items related to guardianships and the property appraiser tax exemption, etc. They had a couple of hiccups with PenChecks with payments that went out and everything was corrected.

He, Ms. Groome and Ms. Menegazzo went through the new agreement with PenChecks and they negotiated some terms to make it Florida specific and PenChecks agreed to changes that they wanted. They have confirmed with them that the agreement provides for additional fees in the addendum and they are only additional services they can purchase if they want those services in the future. He recommends that the new agreement should be approved and signed by the Chairperson. He does not think they need a vote on it.

5. Update of Pension Administration System implementation.

Ms. Menegazzo reports that the issue over the summer was that the file for the month of August was sent out with a few errors because the previous month retiree file upload was sent out instead of the current month. That happened because the system was being tested by GRS and PensionSoft and they basically grabbed the wrong file. It was simple human error. They grabbed the old files from the previous month. They are making sure that it does not happen again by verifying with Ms. Groome that they have the correct data upload for processing payroll. It is basically a double check system between Ms. Groome, GRS and PenChecks. The errors were corrected immediately.

Registration codes were sent to a group of 10 individuals to test the retirees' portal and they were given a simple survey to fill out. They have been getting good feedback. The registration codes for the remainder of the retirees was sent out yesterday but delivery has not been confirmed. The registration codes to retirees with no emails will be mailed on Monday.

She wishes she had better news for the Board regarding the active members. The data elements have already been confirmed by GRS, PensionSoft and Ms. Groome however, the data being pulled from IT is still showing implication of data. The data element is perfect but they are having duplications of data. PensionSoft thinks that the data is being pulled from multiple like tables in the system and its utility. She gives credit to IT. They have worked very hard and have rewritten the code to be able to download the data. But right now, they have some errors with the data and it is not worth uploading all this data into the system and manually editing it in Excel because that is a huge workload for Ms. Groome. They have to have the data perfect because that same report is the report that's going to be pulled on a bi-weekly basis to make sure that the system is always cultivated with all the contributions. Ms. Groome points out that they are talking about the past data. Once they get the past data in the system correct, the data going forward is correct.

Dr. Gomez asks if there is no software that can talk to each other and clean it up. Ms. Menegazzo informs that when the data is uploaded into PensionSoft's DB Precision system the system spits out discrepancies so they can tackle those minor discrepancies. The problem is that there are so many discrepancies it is not worth it. It is too much manual workload to go through the hundreds of thousands of line items. They have to have the data as accurate as possible.

Mr. Nunez asks if the City's IT writing the code. Ms. Menegazzo answers affirmatively. The code has been rewritten multiple times. Mr. Nunez understands. IT's job is not coding. Ms. Groome explains that the pensionable codes in the system changed at different times for the different groups. For example, there was a code for the police that was not pensionable at the beginning and then became pensionable at another date. Mr. Nunez states that it is coding for their system and not that he is writing code. Ms. Groome agrees. Ms. Menegazzo credits Mr. Ramos from IT for working very hard and diligently to get this data correct for the system. They are very close to getting it all correct. It is not a science. Once it is done then it is done. Ms. Gomez clarifies that the data coming in for every pay period is correct and there are no issues with that. Ms. Groome agrees. It is just the history that is the problem now. Ms. Gomez asks if the history the office has been pulling out of the system to do the calculations correct. Ms. Groome answers negatively. Ms. Gomez asks how Ms. Groome is comfortable that the calculations are correct. Ms. Groome explains that she pulls the employees' earnings registers and checks the biweekly pay in the information that she pulls from the system. Then she uses the correct information that IT gave her to and compares that to the history pulled from the system. Ms. Gomez asks if there is no way to get that information instead of doing it manually. Ms. Groome informs that there are duplications of pay dates that need to be taken out of the spreadsheet. She does not know how many rows there are in the spreadsheet. Ms. Menegazzo comments that there are hundreds of thousands of rows. There are too many of them to delete manually.

Mr. Nunez realizes that they are almost done in transferring that knowledge, but maybe they can outsource some people to help because it is time consuming with tedious line-item check and coding. That can be an option. He thinks at this point, they would benefit from having that outside help. Ms. Gomez states that they can get Tyler programmers to help get the information because they have done that in the past. Dr. Gomez asks Ms. Menegazzo for her recommendation. Ms. Menegazzo responds that she will speak with Mr. Ramos if he thinks it is worth requesting programmers from Eden to help and recover the data.

A motion was made by Ms. Gomez and seconded by Dr. Gomez to authorize the Administrative Manager to pay up to $5,000.00 for EDEN/Tyler programmers. Motion unanimously approved (11-0).

Mr. Garcia-Linares states that he noticed that Mr. Challenger was participating in the meeting via Zoom yet when his name was called during roll call, he was marked as excused. Apparently the reason for that was yesterday Ms. Groome received an email from the City Attorney's office which informed that now the City has returned to traditional in-person meetings, pursuant to a City resolution, Board members who want to be present and vote must be at the meetings in person. They can no longer attend by Zoom. They need a quorum of seven in person to have a meeting but if you are participating via Zoom, you are not allowed to vote unless you have extraordinary circumstances that the City Attorney will review on a case-by-case basis.

6. Approval of PenChecks Agreement.

   This item was discussed under Agenda Item 3 – Items from the Board Attorney.

7. Discussion of additional information and analysis requested at the June 22, 2021 joint meeting between the City Commission and the Retirement Board prepared by Gabriel Roeder and Smith.

   Pete Strong begins his review of the information requested at the joint meeting with the Commission. He received several requests at the joint meeting with the Commission. Most of those requests came from the Mayor and there was a couple of follow-up requests made by a Board member.

The main requests were the comparison of member contributions to other cities throughout Florida and what happens to the funded ratio projection under these three scenarios: when the investment return assumption was reduced by 10 basis points; if a 5% COLA is granted to eligible retirees; and if the City were to only contribute the minimum with no extra payments to pay down the unfunded liability.

Mr. Strong starts with the member contribution rate. The ranking of the Coral Gables plan compared to all municipalities throughout Florida is 391st out of 452 plans. They are tied because several plans are at 10% which is the contribution rate for Police, Fire and excluded General Employees. If you look at the non-excludable employees which is at 13.5% for their contribution rate, that is tied for 445th out of 452 plans. There are only five plans in the State that have a higher member contribution rate now than Coral Gables for non-excluded General employees. That is the top 2% in the State. For Police, Fire and excluded General employees they are in the top upper echelon with only approximately 36 other plan that have a higher member contribution rate.

He did the same analysis for plans with at least $100 million in assets. There are 350 to 375 plans that have less than $100 million in assets. There are 90 plans with at least $100 million in assets Police, Fire and excluded General employees rank in the top 29%. There are 18 other plans that have a higher contribution rate. For the non-excluded General employees only two plans have a higher rate with cost sharing and that puts them in the top 3%. The contribution rates for the Coral Gables plan are on the high side of other plans in the State. There are a lot of plans that are at 10% but 13.5% is on the high side. The City contribution rate for plans that have at least $100 million in assets ranks 54th out of 89 plans.

Mr. Strong shows a chart of the projected funded ratios. Even if the plan only earns 6% a year, as long as those contributions still come in from the City of the extra payments, they plan is expected to be fully funded by 2029. If the investment return assumption were lowered by 10 basis points, the curve moves down slightly kind of delay and the plan would be about 90% funded by 2029. If the 5% COLA that was denied was granted, the curve moves down even more and it is expected that the plan would be fully funded by about 2031. If there were no extra City payments and the City just paid the minimum required contribution each year it is expected that the plan would be fully funded beyond 2030.

Mr. Gold asks if the charts show the smoothed performance or market performance. Mr. Strong responds that they are showing market value basis. It is the projected market value. Over time, the market will have an actuarial value are going to blend. He is not assuming much deviation between market and actuarial value returns after 2021. He is assuming a plus 20% return for fiscal year 2021. This is the market value based funded ratio. It was easier to do projections on a market value basis for this illustration but over time after five years of smoothing the actuarial value is going to catch up to this market value funded ratio.

Mr. West asks if the projections assume that investments will earn the actual rate of return assumption and that closure of the deficit includes those investment earnings. Mr. Strong answers affirmatively. It includes the investment return and the extra payments from the City. Mr. West points out that the more assets you have, the more dollars you earn. If they are earning 20% this year on X dollars of assets and if they were more fully funded and had more money working for them then that 20% would be far more meaningful as far as the actual dollar accumulation of assets. That is the importance of getting funded so the investment portfolio can earn the maximum top dollar. Mr. Strong agrees. At the beginning of the year, they were at $400 million, that 20% return is driving up the funded ratio from below 70% to about 80%. This year's return has really had a substantial impact.

Ms. Gomez states that when they talk about the funded ratio and high percentage, they do not say it is at market value, it is at actuarial value. Even though they may be at 80% of market value, what is the funded ratio at actuarial value? Mr. Strong responds that it will be roughly in the 73% range. After five years of smoothing the actuarial value will catch up to the market value. Ms. Gomez does not want people to start thinking they will be funded in 2026 since they are using market value instead of actuarial value. Mr. Strong states that if the projection holds up then the plan would be five years past this big return and all of that will be recognized in the actuarial value. By 2026, the actuarial value funded ratio is going to be right in line with the market value funded ratio, assuming there are no other deviations. After a point in time, they will merge together.

Mr. Strong explains that Board member Troy Easley wanted to add some additional information regarding the member contributions over the last 11 years. In 2010 the General Employees underwent a significant change in benefits and their member contribution rate was increased. The accrued benefits were frozen for all General Employees and then they had a new accrual going forward. Instead of at 3%, it went to 2.25% and for some categories of Excludable Employees they got 2.5% or 3% for the first 10 years. For everyone else it went to 2.25%. The normal retirement date was changed from Rule of 70 or age 52 and 10 years of service to Rule of 80 or age 62 with 10 years of service. The final average earnings were changed from the highest three years to the highest five years. Overtime was no longer included as pensionable earnings. Those changes reduced the City's required contribution by over $3.7 million and reduced the unfunded liability by about $15.4 million at that time. If you accumulate that to now from 2010 when the changes were made, reflecting the lower normal cost that has been in the plan over the last 11 years, as well as the initial reduction in the unfunded liability, the cumulative value of those changes now is about $50 million. The actuarial liability today is about $50 million lower than it would have been without all those changes made in 2010.

The benefit multiplier for Police was reduced in 2012, from 3% down to 3% for the first 10 years and then 2.5% thereafter. That has been subsequently changed to 3% per year if you work a full 25 years. It is still a cost reduction from the original change. The normal retirement date for Police was changed from Rule of 70 or age 52 with 10 years of service to age 55 with 10 years of service or completion of 25 years of service regardless of age. The early retirement option was removed. Final average earnings was phased in from the highest three-year average to the highest five-year average and then pensionable earnings was changed to remove overtime, payments for unused leave or comp time and shift differentials. Those changes at the time they were made reduced the City contribution by a little over $1 million and the unfunded liability by about $8.4 million. If you accumulate that from 2012 to today, the total liability is about $20 million lower than it would have been without the changes.

In 2013, new firefighters hired after 9/30/2013 have a 2.5% multiplier after the first ten years. It is 3% for the first 10 years and then 2.5% thereafter. The normal retirement date was also changed from Rule of 70 or age 52 and 10 years to Rule of 76. The early retirement option was removed. Final average earnings changed from the highest three-year average to the highest five-year average and was phased in over two years. Pensionable earnings were changed to remove overtime payments for unused leave, comp time in excess of 6/1/2013 amount and miscellaneous other payments. The member contribution rate was changed from 5% to 8% and then to 10% effective, 9/30/2014. These changes reduced the City contribution by $807,175 and reduced the unfunded liability by $3.8 million. If you accumulate that to today it results in a $10 million lower liability than would have existed without the changes.

In 2014, the member contribution for Police was increased from 5% to 10% effective 9/30/2014. That reduced the City contribution by $455,000. Cumulatively for all those changes over that four-year period, the City contribution came down by almost $6 million and the unfunded liability came down by $27.6 million. If you accumulate that to 2021, the total liability is about $80 million lower than it would have been without all those changes. It is about 13% of the total current liability. That is substantial when you look at the long-term effect of these changes.

Chairperson Gold asks Ms. Groome to make sure the Mayor, Commissioners, City Manager and City Attorney get a copy of this report. This follow-up report is incredibly direct as far as he is concerned and is very well explained. Mr. Easley thinks it also further identifies that it is a cumulative and collaborative effort between the City and the employees. It is a great collective effort going forward and everybody is doing their part to make a difference in trying to get the plan fully funded.

Tom Zelenak comments that the Board has done a phenomenal job and the City has stepped up with the extra contribution but the employees sometime get left out of the equation and this information finally shows what the employees gave and what the employees stepped up to. It is a huge thing. The employees got cut, got hacked and got contribution increases. Some of these retirees left with nothing. Now COLAs are not even happening. The employees did step up and are not often recognized. He always hears the City talking about the extra contributions they are making and it is very rare that the employees get shown any credit.

8. Investment Issues.

Mr. West informs that he is the bearer of awesome news. It is a milestone for the plan. They reached the $500 million threshold for assets.

Mr. West states that they have been reasonably active in identifying the classic historical playbook and pulling that playbook out. They were originally overweight growth stocks and growth stocks were outperforming and they took profits there. Now they have shifted to a more neutral position and they are a little overweight in value. They captured in a very short period a huge value discrepancy and they made adjustments on the side. They took advantage of market opportunities as they were presented to and made those small adjustments on the side. It worked out very well for the plan. Now growth value is at equilibrium from a valuation standpoint. He reviews large cap and small cap stocks. Small cap stocks typically outperform large cap stocks as you enter a new economic and market cycle. They did make some adjustments on the side to take advantage of that and now the out performance of large cap stock has completely reversed and small-cap stocks are now outperforming large cap stock. They have some managers that are more broad cap or all cap in nature. One is the value manager, Brandywine. They have a model that simplistically stated makes these type of cyclical adjustments and they have been able to capture these returns. They are probably the manager that did the best job for the fund in capturing those returns. There are lots of changes going on and happening over a very short period.

Mr. West reviews the July investment performance. For fiscal year-to-date the fund was at 23.9% They outperformed their self-imposed policy benchmark. The one-year number ending July was 26%, the three-year number was 13%, the five-year number was 12% and the ten-year number was 10%. Every manager outperformed or matched the policy index except the BlackRock strategy, which did have very, very strong returns. The biggest contributor fiscal year to date has been the value managers, Eagle Capital and Brandywine. Eagle Capital was at 49.24% and Brandywine was at 43.31% for fiscal year. The growth managers have performed well. Both international equity active managers outperformed nicely. The biggest contributor was value orientation of the RBC manager and they were at 41.04%. These are the principal drivers of the return that put the fund over the top, along with finessing the asset allocation they did. The high-grade bond funds of Richmond and Garcia Hamilton provided great defense during the Covid pandemic market fall out. Fiscal year to date they are in line with their policy benchmarks. The bond investments are offset in part by the allocation to the PIMCO DiSCO II and that fund was up 6%. The JPMorgan Strategic Property real estate fund was up 8.8% and the Special Situation real estate fund was up 11.4%. The BlackRock multi-asset income fund was at 12.7%. The PIMCO TacOps fund was up 14.7%. The Ironwood hedge fund was at 12.7%.

The bottom line they have very nice returns coming out of all parties that were engaged with here for the investment program. They received the distribution from the Tortoise fund. The There is a hold back provision so they are holding roughly 10% of assets. They will receive the final distribution of $52,823 at the close of the fiscal year end for the fund approximately six months later. It takes them six months to close out the audit and then they use that money to shore up any differences in valuation. That is when the investment will be officially closed. What started out as a very strong investment unfortunately turned out to be a disappointing investment. The timing and what transpired in the energy sector was unavoidable. It was a well-founded idea that ran into some very serious cyclical head winds with the energy market.

Mr. West reviews the July cash flow. They opened the month with $415 million dollars. They contributions fiscal year to date was $28.8 million. Distributions were $40.8 million. He points out that this fund is a cash-flow intensive plan. They are paying out more money than is coming in on a cash flow basis to pay benefits. The management fees paid by the custodian for fiscal year-to-date was $2.5 million. Other line-item expenses were $144,000. Income earned on investments or was $8.03 million and the appreciation number was $94.3 million. They closed the month at $503,082,485.

Mr. West discusses the asset allocation. They have made huge returns fiscal year to date. They are modestly overweight in domestic and international equity. He suggests they rebalance one more time here. It is not a major rebalancing or major dollar amounts. He thinks they need to do what they can to make sure they have a good finish to this fiscal year. He suggests they take 2% off domestic equity which would bring them back to target and take 1% off international equity bringing them back to target. That will be $10 million for domestic equity and $5 million for international equity. He suggests they maintain the current underweight to domestic fixed income. They have an underweight to a manager that is performing very well for us which is the Ironwood hedge fund. His recommendation is to allocate the funds to the Ironwood hedge fund. He recommends they pull the $10 million from Eagle Capital and the $5 million from WCM. He thinks they are set as far as operating funds going forward. That was taken care of at a previous meeting.

Mr. West recommends they rebalance the equity allocation back to the policy target and take 2% of domestic equity or $10 million from Eagle Capital and 1% of international equity or $5 million from WCM and invest it with the Ironwood hedge fund manager.

A motion was made by Mr. Easley and seconded by Dr. Gomez to rebalance the fund taking 2% from Eagle Capital ($10 million) and 1% from WCM ($5 million) and invest the $15 million into the Ironwood hedge fund. Motion unanimously approved (10-0).

Mr. West brings the Board up to date on where they are just broadly speaking as far as the real estate investment environment goes and then discuss some alternative considerations that would require a meeting with the Investment Committee. Overall market valuations are slightly higher now than they were before Covid. Before Covid, they were having a discussion and made a strategic plan to take their overweight in real estate off the table because they were concerned about valuations and did not want to be unprepared in the event they went into a slowdown. The main issue of concern were the full valuations. They moved back to the center line and took an additional rebalancing move out of the JPMorgan fund. They received redemption of those fonts and that brought them to a slight underweight in real estate. Since that time the NCREIF value index valuations have returned pre-Covid levels.

The recent returns are being dominated by a few areas of the of the economy, mainly industrial and apartment. The returns for everything else have been lackluster. The big question is what is going to go on with major office properties, especially with this Delta variant prolonging the recovery. If they look at the commercial property index, the returns have been dominated by industrial and apartments. Office and retail have been left behind in the recovery. He suggests they look at some of the underlying trends and forecast for major property and mega property benchmarks and managers. There are a couple things going on that JP Morgan was talking about. There is a trend where gateway markets are giving way to some of the sub markets. There are a lot of movements to the southern region of the United States. There are a lot of underlying trends that are being accentuated by the pandemic. These trends are already in place, but they are being accelerated by the impact of the pandemic. He thinks they need to address and reduce their allocation to the mega core properties and open some dollars to reallocate to more opportunistic managers. Maybe smaller type managers that have the ability to focus on some of these areas that are moving well and apply their unique approach. That would entail reducing again some of their holdings as they currently stand in real estate and potentially reallocating those dollars to something more efficient. They are going into areas that have better and attractive cap rates. Some of the managers they have been looking at were able to potentially get manager returns that are going to meet the rate of return assumption. He thinks they have the opportunity to potentially increase returns and maybe reduce their exposure to some of these broader market risks that are out there by taking this path.

He recommends and requests a meeting with the Investment Committee. He suggests they review two ways to execute the specialty property managers. The first way is through open-ended funds which is very similar to what they are doing with JPMorgan right now where they have liquidity with these funds. The second way they can take is with private real estate. With private real estate they are going to be locking capital for 10 years or so on average. Historically this Board has been much more comfortable taking the open-ended path. That is what they have done to date. The most recent exception was with the Tortoise fund. They can take two paths here. He proposes a meeting with the Investment Committee where they review the benefit of either path and review perspective managers that they think would be a good fit for this program. Then they can bring their findings back to the full Board.

Mr. Easley knows that AndCo is looking at smaller real estate groups. Affiliated is one group they have discussed previously. He asks that they also look at that group and see what they have to offer as an option. Mr. West responds that AndCo is open to Trustees' requests to look at specific managers. They are familiar with Affiliated and will be happy to look at them and include them in the general review and discussion. Chairperson Gold thinks this is all part of what the Investment Committee should discuss and then bring back their recommendations to the Board.

9. Old Business.

There was no Old Business.

10. New Business.

a. For informational purposes – Actuarial Impact Statement and City Ordinance for Police Officers Collective Bargaining Agreement 2020 – 2023.
b. Save the date – 2021 Biennial Boards and Committees Ethics Training September 17, 2021.

Mr. Easley asks Mr. West to bring back some ideas maybe about thinking outside the box regarding fixed income bonds. Mr. West replies that he will be happy to do that. There are alternative strategies out there and he will bring some of those forward for discussion.

Chairperson Gold comments that he views the Ironwood fund as almost a bond substitute. It is unrelated to the bond market and fixed income that has a very low standard deviation but will chug along in kind of mid-single digits like a bond would do in an environment where interest rates were higher. When Mr. West made the recommendation to take from equities and invest with Ironwood, he thought that made perfect sense.

Dr. Gomez asks Mr. Garcia-Linares to follow-up with a comment he brought up at the June joint meeting regarding the City ordinance that deals with the Retirement Board to make sure it gets updated. He asks that Mr. Garcia-Linares speak with the City Attorney about that.

Ms. Groome informs that the two items she put on the agenda for new business are just informational. The save the date the for the biennial boards ethics training is for all Board members and for new Board members it is very highly recommended that they attend the training. The Actuarial Impact Statement is for the collective bargaining agreement with Police.

Ms. Elejabarrieta gives a quick summary of the bargaining agreement. Four pension changes were agreed upon. The DROP was extended to 8 years. There is a current benefit cap of $96,900 which was extended to $98,838. The Board had an issue about a year ago regarding the pension by back formula. They agreed to have the purchase of military service or other public employer to be calculated with the 18% and the City will be covering the differential between the actuary amount and the 18%. The Fund is not absorbing that cost. The last change is if they hire a police officer who has retired from another public agency, they are allowed to enter a 401a plan and do not have to enter the defined benefit plan. If they rehire a retired City Police officer for whatever reason, they will only be allowed into the 401a plan. There is no impact on the unfunded liability because the City has agreed to pay for the cost of the buy back difference.

11. Public Comment.

There was no public comment.

12. Adjournment.

Meeting adjourned at 9:42 a.m.

APPROVED

MICHAEL GOLD
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER