

CORAL GABLES RETIREMENT SYSTEM
Minutes of November 14, 2013
Youth Center Classroom
405 University Drive
Immediately after the Investment Committee Meeting

MEMBERS:	O	N	D	F	M	A	J	A	S	O	N	APPOINTED BY:
	12	12	12	13	13	13	13	13	13	13	13	
Andy Gomez	-	-	-	-	-	-	P	P	P	P	P	Mayor Jim Cason
Manuel A. Garcia-Linares	E	P	P	P	P	P	P	P	P	P	P	Vice Mayor William H. Kerry, Jr.
Bob Campbell	-	-	-	-	-	-	E	E	P	P	E	Commissioner Patricia Keon
Jon G. Ridley	-	-	-	-	-	-	-	P	P	P	E	Commissioner Vince Lago
James Gueits	E	P	P	P	P	P	P	P	P	P	P	Commissioner Frank C. Quesada
Joshua Nunez	-	-	-	-	-	-	P	P	P	P	E	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	Finance Director
Elsa Jaramillo-Velez	-	-	-	-	-	-	-	-	-	-	P	Human Resources Director

STAFF:

Kimberly Groome, Retirement System Administrator
Alan E. Greenfield, Board Attorney
Dave West, The Bogdahn Group

P = Present

E = Excused

A = Absent

GUESTS:

Craig Leen, City Attorney
Coleen Brennan, The Northern Trust

Chairperson James Gueits calls the meeting to order at 9:06 a.m. There was a quorum present. Mr. Campbell, Mr. Nunez and Mr. Ridley were excused.

1. Roll call.
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. Report of Administrative Manager.

1. For the Board's information, there was a transfer in the amount of \$2,000,000.00

from the Northern Trust Cash Account to the City of Coral Gables Retirement Fund for the payment of monthly annuities and expenses at the end of October for the November 2013 benefit payments.

2. For the Board's information, the following employees terminated their employment with the City and were paid back their retirement contributions:
 - Maikel Avila, Equipment Operator II, Public Works – R.O.W. Enforcement and Maintenance Division
 - Margarita Mondejo, Personnel/Benefits Specialist, Human Resources – Administration and Risk Management
 - David Chalker, Equipment Operator II, Public Works – R.O.W. Enforcement and Maintenance Division
 - Christina Perez, Parking Enforcement Specialist, Parking – Violation Enforcement Division
3. For the Board's information, the following Employee Contribution check was deposited into the Retirement Fund's SunTrust Bank account:
 - Payroll ending date October 6, 2013 in the amount of \$164,504.15 was submitted for deposit on October 14, 2013.
 - Payroll ending date October 20, 2013 in the amount of \$166,389.23 was submitted for deposit on October 28, 2013.
4. A copy of the detailed expense spreadsheet for the month of October 2013 is attached for the Board's information.
5. For the Board's information the Northern Trust Securities Lending Summary Earnings Statement for October 2013 is attached.
6. A copy of a letter from Jim Linn to Keith Brinkman of the Bureau of Local Retirement Systems, Division of Retirement is attached for the Board's information regarding the Composition of Pension Board.
7. A copy of a letter from Thomas Wright, Assistant General Counsel of the Florida Department of Management Services in response to Jim Linn's letter regarding the Composition of Pension Board is attached for the Board's information.
8. The Berwyn Group Death Check Verification Services dated November 5, 2013 is attached for the Board's information.
9. A copy of the October FPPTA Newsletter is attached for the Board's information.

2B. Submission of Bills.

1. The City of Coral Gables invoice for period ending September 30, 2013 in the amount of \$11,747.68 for expenses of the retirement system paid out of the general ledger account of the City.
2. The City of Coral Gables invoice #04861 for the rental of City's public facilities in the amount of \$1,242.75 (\$414.25/month) and general liability insurance in the amount of \$1,111.50 (\$370.50/month) for the months of July and August and September 2013 for a total of \$2,354.25.
3. The City of Coral Gables invoice #04959 for the rental of City's public facilities in the amount of \$1,242.75 (\$414.25/month) and general liability insurance in the amount of \$1,111.50 (\$370.50/month) for the months of October, November and December 2013 for a total of \$2,354.25.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Hoff. Motion unanimously approved. (8-0).

3. Attendance of Colleen Brennan from The Northern Trust (custodian bank) to update the Board on NTGI investments. (*Agenda Item 4*).

Colleen Brennan from The Northern Trust thanks the Board for having her at the meeting. She works with Ms. Groome very often. She was named the new relationship manager for the Coral Gables Retirement System in June. She replaced Amit Amal who left the company. She has been at the company for ten years spending the better part of eight years in the public funds segment. She was on the investment side working with investment consultants and transition managers. She is here to help the fund streamline the day to day processes. If they need to rebalance cash or pay investment manager fees or let them know of any new products that will help the fund that is what she is there to bring to their attention. She is not here to sell anything. Her conversation is never tied to sales. It is her responsibility to bring to them every aspect of Northern Trust. They have been a client of theirs since 1997 so they definitely appreciate the business and the partnership. They monitor, file and process all the class actions for the fund. They are in their Securities Lending program. This is where you use Northern Trust as a lending agent and assign securities out to broker/dealers where if they have pending settlements that they have to make with certain clients they will borrow it from this plan to hedge, short sale, all sorts of things. This year their earnings have been \$94,000. She is really at the meeting to introduce herself. Mr. Greenfield asks what is their position regarding class action counsel. They contact us constantly about their retaining them not only to advise them there is a class action pending but to initiate the class action because they were able to look into whatever statistics they had to show that they had a position in a particular company which they believed should be sued because of the action of the company. Ms. Brennan informs that if a filing happens within a particular company Northern Trust takes care of all aspects of it. She does work with quite a few law firms that monitor the holdings. Northern Trust provides the information to the litigation agent and they rarely come back to the client and ask for additional details. For a client who has been with Northern for as long as Coral Gables has been she does not see the need for it. Mr. Greenfield asks if there is any benefit to the plan to be the lead

plaintiff. Ms. Brennan informs that she has not seen many public fund clients have huge benefits from having law firms as a lead plaintiff. She has probably more law firms taken off from an account than put on an account.

4. Items from the Board Attorney.

Mr. Greenfield reports that they have had a busy month. He and Ms. Groome spent a considerable time putting together the GRS contract which they will discuss shortly. They had the usual QDROs. They have no one suing them and they are not suing anyone either. They had a matter dealing with letters they have received in regards to 415 that he and Ms. Groome have discussed and that will be coming up on the agenda. Relative to the issue of the composition of the board the new Board members they are now a Board of 13 based on the ordinance that was passed. One of the questions that came up by the Chairperson is to what is it he presented to the State in regards to the Board's position relative to whether or not the ordinance should or should not have been passed. He said he had no contact with the State and he did not present them with any information. The letter from the State that approved the fact that there was a right to approve 13 members on the Board said that the information presented to them was by the Plan's Attorney. As far as he knew it was the City's outside counsel that sent the letter to the State. Mr. Leen said he would look into that. Mr. Garcia-Linares thinks Mr. Greenfield should write a letter to the State on behalf of the Board stating that the Board did not provide any information to the State. He thinks they need to understand that the Board did not send any information. Chairperson Gueits states that they just want a clear record and that is part of the reason for the question and the second part was to understand the genesis of the change in the ordinance since the legislation really didn't come up almost until it was passed.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Easley that Mr. Greenfield write a letter to the State to clarify the record.

Discussion:

Craig Leen informs that he doesn't know what they meant by the Plan Attorney. Jim Linn did most of the contacting of the State on this issue he just approved the general content of what he was sending them. He doesn't believe they gave an impression that the Plan Attorney. He thinks they may have meant the Union Attorney. Ms. Jaramillo-Velez states that the Union Attorney back in September said before the City Commission that they had contacted the State and that is when Jim Linn also contacted the State. Mr. Garcia-Linares informs that they are asking Mr. Greenfield to write a letter clarifying that this Board and Mr. Greenfield did not provide any information to the State on behalf of the Board. Mr. Easley read the letters and he believes the letter does not discuss that Ms. Gomez is now a Board member as well as the Trustee to the fund. Is there a conflict there? Has that been discussed with the State? Mr. Leen informs that the State was looking at the issue of the 175 and 185 and the deed to comply position. They looked at this issue and looked at a dual office holding issue and the issue of could the Trustee also be a Board member. They did not see anything that indicated they could not. In this particular role of Trustee you can do it in his own view because you if you look at the dual office holding case law in the Attorney General opinions they say that a dual office holder has certain responsibilities in their official capacity. So for example as part of the duties of her office she is the Trustee. As part of the duties of her office, she sits on the pension

board. In his view, there seems to be a general view that you are allowed to do that as long as it is stated in the law that it is part of her official duties. His view of her role is that when she is on the Board, she has a fiduciary responsibility to the pension. She is there to give the City's perspective and the finances of the City. They have Union representatives that do the same thing. When she is told to do something by this Board that is within their authority she acts as the Trustee. A lot of what she does is administrative so she must do what they tell her. If there is ever a situation where it is unclear where she is acting as the Finance Director or he the Trustee he doesn't know if that would ever come up but if it did he would talk to Mr. Greenfield about it and see if there could be an agreement. Ultimately the Board would tell the Trustee to do what they decide to do and the Commission has the authority to overrule it for cause. That is how these things are resolved. He doesn't think it is going to be an issue. She does understand her obligations to the Board as a Board members and she understands her obligations as the Trustee. Mr. Easley agrees with what he said in content. His only reservation is that he has been on the Board long enough that they have seen in the past where the Trustee was in conflict with what the Board voted on and sometimes it resulted in a difficult situation. He didn't want to see Ms. Gomez in a difficult situation. Mr. Hoff informs that his concern is also a conflict of interest. He would like to see Mr. Greenfield reach out to the Ethics Commission in the County to get an opinion from them that there is no conflict of interest. She is wearing multiple hats at different times. She is the Finance Director for the City, the Trustee for the fund and now a Board member. Mr. Leen states that if the Board does try to do that they need to be aware that it is important to point out that it is part of the law of Coral Gables. If she had a personal interest she would have to disclose that. That is what the Ethics Commission deals with. When it involves the laws of the City they should not be reviewing that. In an individual case if she had some conflict of interest she would have to talk to him as the ethics counsel of the City or she could talk to the Ethics Commission and they would help her with that individual issue if one of these scenarios come up where she is put in a conflict station. His view by nature of her role itself that these are part of the duties of her office and he doesn't see it as a conflict because by law these are her duties. Mr. Greenfield adds that if they perceived that any Board member had a conflict they would have to stop the meeting and he would have to say there is a conflict and he thinks they should not be involved. Mr. Garcia-Linares thinks that if Ms. Gomez every feels uncomfortable during a meeting because she feels pulled in one way as the Finance Director and the Board is going another way then she has to be honest with the Board and put it on the record and they will deal with it as they go. It has happened about two or three times when Don Nelson was in Ms. Gomez's position and was not a Board member and he was being pulled one way as Finance Director and pulled in a completely different way as Trustee. It will come up. Personally, he didn't feel that Ms. Gomez needed to be on the Board in order to express the City's position. She has been at every meeting and has expressed her position. Her predecessor made a point to come to every meeting and come up to the podium and express the City's position. The decision has been made and they move on and they will clarify everything with the State. Respectfully, she did not need to be a member of the Board in order to state the City's position. Mr. Easley thinks that her powers were actually diminished by becoming a Board member because she can actually overrule a vote by this Board as a majority that is not fulfilling its fiduciary prudent man responsibility. It will put her in a possible difficult situation.

Ms. Jaramillo-Velez states that the Ethics Commission based on what she knows with the Commission on Ethics that is not something they would review. They have specific guidelines

and that is not something they do. Mr. Leen states that normally the Ethics Commission looks at individual conflict situations and not structural in the way the pension is set up. Mr. Garcia-Linares thinks it is more of a question for the State. He thinks Mr. Greenfield can decide whether or not to put in a letter to the State that Ms. Gomez is the Finance Director, the Trustee and a Board member. He does think it should be clarified that the Board has not taken a position. Mr. Greenfield doesn't think the Board has any position to take because there is an ordinance that was passed. They didn't agree with the ordinance and were not asked about the ordinance and the ordinance says what it says. If they disagree with the ordinance and ask the Commission to reconsider the ordinance they can ask for that. If they wanted to file a lawsuit against the City saying the City exceeded its authority they can do that. Chairperson Gueits understands that the motion is that Mr. Greenfield send a letter to the State clarifying the point that they did not take a position or provide any information to the State. Mr. Greenfield understands and he can do that. He doesn't see a problem with Mr. Hoff's request to ask the Ethics Commission.

The motion was restated.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Easley that Mr. Greenfield write a letter to the State to clarify the record. (Motion unanimously approved (8-0)).

Mr. Greenfield reports that they had a new ordinance passed on first reading in regards to the question of actuarial equivalence. At the last meeting the Board asked him to come up with a proposed ordinance relative to a definition of actuarial equivalence because they were advised by the actuary that there is no guidance to the actuary. He researched articles dealing with actuarial equivalence. It gave a lot of examples of what was actuarial equivalence but he was looking for a definition of what was actuarial equivalence. He looked at other ordinances for their definitions and he found the City of Miami has a definition for actuarial equivalence. Other ordinances had no definitions. He spoke with the actuary and asked them for any ideas on definitions they can consider and they were very helpful and sent some definitions. He prepared a draft ordinance to bring to the Board at this meeting but then at the Commission meeting they had passed an ordinance of what was proposed to them as to a definition of actuarial equivalence. They were not advised that the City was going to do that so they had no input into it. Mr. Leen explains the background. This is supposed to implement the 415 in the Code. Ms. Groome informs that it is the same definition as the letter the Board adopted as their policy and procedures at the last Board meeting. Mr. Leen agrees. That is his understanding of the purpose of that is to ensure it is in the Code and it is for the benefit of the employees. Dr. Gomez feels that there is a disconnect between the City and this Board specifically when it comes to an ordinance that is presented to the Commission. Is it the Board's responsibility to follow what is going on or is it the City's responsibility to inform the Board? Mr. Leen informs that the Code doesn't say anything about it. The City does not have a duty to inform the Board. Dr. Gomez states that what the Commission acts on impacts the Board. Mr. Easley agrees. Mr. Leen informs that the City put the ordinance on the agenda and there is no requirement to inform the Board. Mr. Garcia-Linares understands that there may not be a requirement but doesn't Mr. Leen think it would be appropriate given the amount of hours they put in on this Board that the same way the Board give the courtesy to the City Attorney to come to their meetings and the City Commission to come to their meetings that they get the same courtesy to

say the City is going to discuss a pension issue or give them some advanced notice so they can know it. Maybe someone on the Board would have wanted to go to the commission meeting and bring up the issues instead of just finding out something is rammed down their throat that this is happening or something else is happening. It doesn't seem right. Mr. Easley states that the City asks the Board to give them a heads up and he thinks they do a good job of doing that. He thinks it should be reciprocated on the City's part. It is consistent since the time he has been on the Board. They could give them a heads up of things that will affect the Board and ask for their input. It is a courtesy that the City should do. He thinks it is wrong. They are a professional Board and are the most important Board. Mr. Garcia-Linares states that the paper says they are the most important Board that the City has yet the City doesn't give them notice of anything.

A motion was made by Dr. Gomez and seconded by Mr. Garcia-Linares to direct Mr. Greenfield to write a formal letter to the Mayor and the City Commission requesting that the City Commission give the Retirement Board notice on changes to the pension ordinance.

Discussion:

Mr. Easley thinks that they should work together more to avoid some of these issues. He tries to go to the Commission meetings. He has reached out to every commissioner at least five times in the last two years to invite them to come to the Board meetings. He had one Commissioner tell him that the Commission didn't want the Board to turn to the commission for decisions. The Board just would like to have some Commissioners at the meetings to see what the Board deals with so they can understand why they do some of the things they do. The 415 was a debacle that caused egg on everyone's face but it was not the Board's entire fault. He thinks it was a combination of everyone's lack of putting together thoughts and communicating with one another. Mr. Leen states that as to this particular ordinance he thinks it was viewed that they had talked about it with the Board because it was the whole actuarial equivalence issue. He didn't think that City staff thought there would be any dispute over it. He suggests that before the Board approves the motion and do a letter he can let the Commission know about this discussion. Mr. Garcia-Linares states they have done this before. Dr. Gomez informs that he has personally done it with these issues and he would just like to formalize it. Mr. Easley informs that he has reached out to every Commissioner before and they have had two Commissioners come to the meetings. Commissioner Cabrera, Commissioner Quesada and Commissioner Lago have attended their meetings and he appreciated that. Ms. Jaramillo-Velez informs that the City Commission Agenda is posted online the Friday before the meetings so they can just view the agenda online. Mr. Garcia-Linares states that they are not full-time City employees that have to be looking at the agenda every time there is a meeting. Chairperson Gueits thinks that is the point. They are a volunteer Board.

The motion was restated.

A motion was made by Dr. Gomez and seconded by Mr. Garcia-Linares to direct Mr. Greenfield to write a formal letter to the Mayor and the City Commission requesting that the City Commission give the Retirement Board notice on changes to the pension ordinance. Motion unanimously approved (8-0).

Ms. Jaramillo-Velez asks if in terms of the City ordinance and the Board's duties are there any references regarding the City's ability and the Board's ability regarding ordinances. Is there a correlation between both? Mr. Greenfield responds that one of the things they will talk about when they get together is that is one of the issues is the relationship between the Board and the City relative to ordinances and other things. When a new Board member comes onto the Board he tries to meet with them and talk to them about the board. That is one of the issues he and Dr. Gomez talked about when they got together. He will be glad to answer that for her at that time. Mr. Leen states that his recollection of the issue is that no. Some of the City Boards that are not viewed as independent boards in the same way as this one is. A typical City board may review a proposal before it comes to the Commission. They are viewed differently than this Board. The only connection between the City and this Board is that the City Commission for cause can reverse a decision of this Board and now there are two Board members in their official capacity of the Board and one of them is the Trustee as well. Dr. Gomez informs that the bottom line for him is communication. It improves the entire process of the City. Mr. Hill asks if anyone from the City contact the actuary they just hired for their input on this legislation. Ms. Gomez states that she was going to ask this Board to allow the actuary to review the ordinance before it goes to second reading because it is so actuarial so they can provide their comments and make sure they are comfortable with it. Mr. Greenfield informs that he had prepared a draft ordinance that he was going to bring to the Board at this meeting to consider based upon what the Board asked of him at the last meeting. Because of what happened at the Commission meeting his draft ordinance is different than what the City had. He spoke to Mr. Leen about it and what he suggested was that since this is the second reading is that he propose to take the City's ordinances because he has no problem with because it handles the 415 perfectly but it doesn't address other than 415 so if the actuary needed in the future to know what actuarial equivalence is under the ordinance there will be no doubt that they have a general definition. He suggested that they blend the two together. Leave the 415 the way it is and put their general definition in there. He was going to discuss it with the City's pension attorney who drafted it and suggest that to him and see what his input is and they can also share it with the actuary and have a good ordinance to present at second reading.

A motion was made by Mr. Hill and seconded by Mr. Hoff to direct Mr. Greenfield to work with GRS regarding the review of the ordinance defining actuarial equivalence. Motion unanimously approved (8-0).

Ms. Groome states that this morning since there were some Board members not able to attend the meeting Mr. Hoff asks how many members make up a quorum. So she looked up the definition of quorum for the Board and the ordinance is based on nine members on the Board and quorum is six. It is a specific number for a quorum. They may want to amend that ordinance to have thirteen members on the Board.

5. Review and approval of Gabriel Roeder Smith & Company actuarial contract.
Mr. Greenfield informs that this is the fourth version of the contract. He went back and forth with GRS relative to taking their prototype and changing it and putting what they have had in other actuarial contracts in the past into their contract. It got to the point where he had a conference call between the local GRS people and the CFO, COO of GRS in Minnesota to discuss some issue the local people could not make decision on. It was more on the issue of

liability. They wanted the Board to indemnify them on certain things and he told them they don't indemnify on anything and they had to get over that hurdle. Then they wanted to limit their liability so there would be no consequential damages and they wanted their damages limited to three times the amount of money they pay to them in any one year where it was alleged they were negligent. They had to get over that. Then they went to ten times and he said no. It finally got to the point where they were having \$1 million of liability and then it went to \$2 million and they asked if they would agree to the \$2 million. He didn't know but he didn't like the language because the \$2 million still had the fact that it didn't include consequential damages etc. IF they took out all the limitations so that they can get \$2 million if they were negligent that might be okay. They were not going to agree to unlimited damages. So he is bringing it to the Board. He recommends that he saw nothing wrong with GRS but there was some question as to whether or not their participation in the debacle in Detroit and California affected their ability to do a job for this fund and he discussed that with the COO and CFO. She explained to him that rather than take up the time he should look at their press releases where they answer their critics in regards to their participation in those things. It is the Board's prerogative to question GRS's ability to do a job for them based on these other incidents. One of the things discussed is that the local groups that will be representing the Board are not the people who were working in Detroit or California. He found nothing derogatory about the local people who presented things to the Board. The limitation is a concern and it is the Board's prerogative to either tell them they want unlimited liability or they will accept the \$2 million. Mr. Garcia-Linares would like to know the City's position. The City is the one who asked the Board to start this process to get a new actuary because the City had an issue with the prior actuary. Mr. Leen asks if they are providing insurance for \$2 million. Mr. Greenfield responds that they are providing insurance for \$2 million if they are negligent or a breach of the contract. Mr. Leen asks if there is an indemnification clause where they indemnify the Board. Mr. Greenfield responds that there is to the extent of \$2 million. Mr. Leen asks if they indemnify the City as well. Mr. Greenfield answers affirmatively. Mr. Leen thinks that structurally it sounds fine. In terms of the \$2 million he would want to talk to their Risk Manager to get his thoughts before he tells the Board that he endorses \$2 million. The main concern they had was that the City be indemnified too. Usually when they have these indemnification clauses they have a certain amount of insurance they have to get but the indemnification clause doesn't have a cap. On occasion they have not done it that way. He would have to think about it. Chairperson Gueits asks if holding off on the approval of the contract effect anything they have ongoing right now. Ms. Groome answers affirmatively.

6. Old Business.

a. GRS correspondence on IRS 415(b) limitation calculations

Ms. Groome informs that GRS has been sent all the information for everyone who was on the list prepared by Nyhart. They haven't finished the calculations for everyone yet because she set priorities when she spoke with the Trustee and we wanted to make sure everyone who are affected now and retired in the Preservation of Benefits plan for review since they have been affected so they wouldn't be overpaying in retirement and so the City would not have to be paying out of the Preservation of Benefits plan if they were not limited any more. Mr. Garcia-Linares asks if they have taken care of everyone in that category. Ms. Groome answers affirmatively. She told GRS that after that was done then Ms. Suarez-Garcia and Ms. Gonzalez were the next priorities. There is an

issue. One of their retirees who was not identified as being affected is affected and affected in previous years. This person was not in the DROP and retired straight out. The question is how they address this. Mr. Garcia-Linares thinks she should talk with Mr. Greenfield about it. Ms. Groome informs that she spoke with Mr. Greenfield about it and going forward they will have to reduce her instead of going back and changing everything. Ms. Gomez informs that in previous years this individual was paid more than the plan should have because of 415. In 2013, because they haven't made a December payment yet they can fix it so the plan doesn't pay too much and she qualifies for the Preservation of Benefits plan. She will get her full payment for the calendar year 2013. The question is what they do for 2010 through 2012. Ms. Groome informs that her recommendation and the Trustee's recommendation is to talk to the auditor to see if they can help them figure out what to do in regards to reporting to the IRS. Ms. Gomez adds that if the auditor could not do it then they are going to need to hire a tax attorney or someone to help them. Mr. Easley thought that GRS would have all the letters done for the employees on the list by now and in addition to that the City's Actuary, Mike Tierney, he said specifically to Randall Stanley that possibly nobody would be affected by the 415 if the calculations were done the right way. He is concerned about the people standing on the cliff. Mr. Garcia-Linares thinks it is a good idea for them to reach out to the auditor to see if they can help. Chairperson Gueits informs that Ms. Groome has the authority to deal with this issue however she sees fit.

Mr. Hill asks Mr. Greenfield if he was able to talk to Mr. Leen about the issue they have been discussing. Mr. Greenfield informs that he did and that Mr. Leen will be returning to the meeting so they can ask him about it.

Dr. Gomez states that a couple of weeks ago Mr. Campbell introduced a motion asking Ms. Groome to clarify for the employees the process. Chairperson Gueits thinks the idea was to formalize the process an employee goes through when they are considering retirement or going into the DROP. Ms. Jaramillo-Velez informs that the first thing they do in HR when they know someone is retiring or going into the DROP is they send the employee a letter and give them the information on who they need to contact. For example they contact Ms. Groome for retirement and they contact the insurance specialist for insurance issues. They know they need to contact Ms. Groome. They do have that process already. Chairperson Gueits would like to bring this up again at the next meeting.

Mr. Greenfield states that he and Ms. Groome discussed the issue regarding the people affected by 415 who are retired already and he suggested Ms. Groome speak to a CPA. They talked about calling the auditor and perhaps the auditor could help. If the auditors could not help then he thinks Ms. Groome should have the authority to reach out to a CPA. Chairperson Gueits informs that Ms. Groome and the Trustee have the authority to do whatever they need to do to resolve that item.

7. New Business
 - a. Retirement Seminars for employees – item deferred.

Mr. Leen addresses the issue of the quorum. The ordinance says that a quorum is six members. It also says that actions and decisions of the Retirement Board shall require the concurrence of the majority of members of the Retirement Board. In his opinion the Board is going to need seven members to conduct business even though the quorum says six because they can't pass anything with six so affectively their quorum is now seven. He will raise this with the City and suggest that this section of the ordinance be amended. Mr. Greenfield agrees with the opinion.

The Board continues the discussion on the contract with Gabriel Roeder and Smith.

Mr. Leen informs that he looked at the indemnification clause and it does not have a limit. The limit is in the liability of the insurance. He would be happy to look at these clauses and give a review but it is going to require additional time. Chairperson Gueits asks if they are comfortable with the \$2 million. Mr. Leen responds that they want to get the opinion from their litigation counsel.

A motion was made by Mr. Easley and seconded by Mr. Hoff to approve the GRS contract subject agreement between the Board Attorney, City Attorney and City's outside counsel as to limitation language. Motion unanimously approved (8-0).

Mr. Hoff states when GRS did their presentation they said that had software that could determine whether or not someone has died. They currently have a company that they pay that does that. Ms. Groome informs that they currently use The Berwyn Group for death audits and GRS has the same type of service. Mr. Hoff wants to make sure that service is in the contract so they don't have to keep paying The Berwyn Group for the same service.

Investment Issues.

Ms. Groome informs that at the Investment committee meeting Dave West reviewed the asset allocation report that everyone received and the Investment Committee made a recommendation to the Board that the fund get out of the Managed Futures mandate and use that money to fund the Mid-Cap index with Northern Trust and whatever the balance is would go into the domestic fixed income product. Mr. West adds that it would effectively increase their target domestic equity allocation by 5%.

A motion was made by Mr. Hill and seconded by Mr. Hoff to approve the recommendation of the Investment Committee to get out of managed futures and use the balance to fund the mid-cap index fund with Northern Trust and put whatever balance is left into domestic fixed income. Motion unanimously approved (8-0).

The Board revisits New Business.

Mr. Hill informs that he asked Ms. Groome to put together a job description for an assistant because over the last six months they have discussed and Ms. Groome has informed them that she is behind and needs help. She put together a job description and suggested pay range and he would like to put this forward for approval so Ms. Groome can hire an assistant to help her. It would be a full-time position. Ms. Groome informs that there is a process she will have to follow. Mr. Hoff states that the assistant would be a City employee and the Board would just reimburse the City like they do for the Administrator. Is there a pay range for this position? Ms. Groome responds that she used the same

classification as an Administrative Assistant. Mr. Garcia-Linares asks how this process goes if the Board wants to hire someone. Ms. Jaramillo-Velez informs that it goes through her department and a requisition form. Chairperson Gueits thinks they can vote to begin going through the process with the City to hire an assistant for the Administrator and the process should follow whatever has been established through the City for requisitioning an employee. Ms. Jaramillo-Velez asks if they are looking for a full-time or part-time position. Mr. Hill responds that it is for a full-time position. Ms. Jaramillo-Velez states that when the City approves the budget they approve a certain number of positions. Mr. Garcia-Linares states that this doesn't affect the budget because the Retirement System pays back the City for Ms. Groome and they would have to pay back the City for the assistant.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Hoff to begin the process of hiring an assistant to the Retirement System.

Discussion:

Mr. Hill would like for this to not take a year because the way Ms. Jaramillo-Velez is speaking is that it is not in the budget and that means they will have to wait until the next budget year to hire. He doesn't want that to happen.

Motion unanimously approved (8-0).

Mr. West informs that the plan earned 13.22% which placed the plan in the top 22nd percentile in the public fund universe.

8. Public Comment.
There was no public comment.

9. Adjournment.

The next scheduled Retirement Board meeting is set for Monday, January 27, 2014 at 8:00 a.m. in the Police Community Meeting Room.

Meeting adjourned at 10:32 a.m.

APPROVED

JAMES GUEITS
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
RETIREMENT SYSTEM ADMINISTRATOR