

CORAL GABLES RETIREMENT SYSTEM
 Minutes of June 13, 2024
 Public Safety Building
 Community Meeting Room A
 2151 Salzedo Street
 8:00 a.m.

MEMBERS:	A	S	O	N	J	F	M	A	M	J	APPOINTED BY:
	23	23	23	23	24	24	24	24	24	24	
Vacant	-	-	-	-	-	-	-	-	-	-	Mayor Vince Lago
Alex Mantecon	E	P	E	P	P	P	E	P	P	P	Commissioner Castro
Juan Lucas Alvarez	P	P	P	P	P	P	P	P	E	P	Commissioner Ariel Fernandez
Michael Gold	E	P	P	P	P	P	P	E	P	P	Commissioner Kirk Menendez
Manny Carreno	P	P	P	P	P	P	P	E	P	P	Commissioner Rhonda Anderson
Joshua Nunez	P	P	P	P	P	P	P	P	A	P	Police Representative
Christopher Challenger	P	P	P	P	P	E	P	P	P	A	Member at Large
Sureya Serret	P	P	P	P	P	P	P	P	P	E	General Employees
Troy Easley	P	E	P	P	P	P	P	P	P	P	Fire Representative
Diana Gomez	P	P	P	P	P	P	P	P	P	P	Finance Director
Raquel Elejabarrieta	P	P	P	P	P	P	P	P	P	P	Labor Relations and Risk Management
Rene Alvarez	P	E	P	P	P	E	P	E	P	P	City Manager Appointee
James Gueits	-	-	-	-	-	-	P	P	P	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager	P = Present
Manuel Garcia-Linares, Board Attorney (via Zoom)	E = Excused
Dave West, Mariner	A = Absent
Edemir Estrada, Gabriel Roeder Smith	

1. Roll call.

Chairperson Mantecon called the meeting to order at 8:07 a.m. Mr. Challenger was absent and Ms. Serret was excused.

2. Consent Agenda.

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

2A. The Administrative Manager recommends approval of the Retirement Board meeting minutes for May 9, 2024.

- 2B. The Administrative Manager recommends approval of the following invoices:
1. Gabriel Roeder Smith invoice #486513 for April 2024 administrative services in the amount of \$21,007.75.
 2. Gabriel Roeder Smith invoice #486517 for April 1, 2024 through May 1, 2024 actuarial services in the amount of \$31,672.00.
 3. Gabriel Roeder Smith invoice #486890 for May 2024 administrative services in the amount of \$21,184.70.
 4. Gabriel Roeder Smith invoice #486894 for May 2, 2024 through June 4, 2024 actuarial services in the amount of \$8,530.00.
 5. City of Coral Gables invoice due to G/L January 1, 2024 through March 31, 2024 in the amount of \$39,761.74
- 2C. The Administrative Manager recommends approval of the following Retirement Benefit Certifications: Vested Rights – Tania Mateu (General Non-Excludable Employee), David Galeano (General Excludable Employee – Professional); DROP – Daniel Boves (General Non-Excludable Employee), Jason Plemmons (General Non-Excludable Employee); Normal Retirement – Kelly Denham (Police Officer).

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

- 3 Comments from Retirement Board Chairperson.

Chairperson Mantecon had no comments.

4. Items from the Board Attorney.

Mr. Garcia-Linares reported he has been responding to some questions and inquiries from some retirees. They brought to our attention that sadly one of the Retirement System's retirees, Mrs. Kathy Holmes, passed away; she was robbed and murdered in Greensboro, NC.

There was another issue with PenChecks that will be mentioned in agenda item number 5 under the third-party Pension Administrator. Thankfully it was solved quickly but it caused email traffic between retirees, the Board Attorney, the Plan Administrator and the City, inquiring about the date of their June pension payment.

Mr. Garcia-Linares drafted the resolution that the Board requested to continue to fund the Plan as they have been funding it, and the extra funding that has been done, and he worked on it with actuary Pete Strong from GRS. He believes Ms. Gomez has the draft that will go for approval and then it will be forwarded to Chairperson Mantecon for signature to get it over to the City Commission.

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Lastly, he mentioned having received an email from Dave West with a contract to review, with regards to a transition manager.

5. Items from the third-party Pension Administrator.

Ms. Estrada reported the Summary Plan Description (SPD) document has been updated. The SPD has to be updated every 2 years and a copy of the SPD is in the agenda packet. GRS's team has been working on updating the document and it has been sent to the Board Attorney for a final review. Once reviewed, the SPD will be uploaded to the pension portal.

The second item was in regards to the incident with the June pension payments. PenChecks is aware that retirees need to get paid on the first day of the month and, if the first of the month falls on a weekend all retirees need to get paid prior to the first. For the June 1st pension payments, retirees were supposed to get paid on Friday May 31st and that didn't happen.

Once GRS started to get phone calls and emails from retirees asking for their pension payment, GRS contacted PenChecks right away. PenChecks stated they were working on it because for Coral Gables they have to manually change the payment date, however they already processed an additional payment and for that reason payments were duplicated. Later on, PenChecks indicated that additional payments were to be reversed. Ms. Estrada inquired about how many retirees were overpaid if the reversal was unsuccessful, to which PenChecks provided a list with 18 retirees that were overpaid. PenChecks questioned whether or not it was okay for these 18 participants to not get paid on the following month.

Mr. Garcia-Linares stated that if in fact 18 payments did go out and were not pulled back, those participants should not get paid for July but a notice needs to go to them that they've already received their July payment in advance. Vice-chairperson Gold commented on his personal experience and how his team get paid on specific days and Ms. Gomez added that, for payments that fall on a weekend, PenChecks had said that for Coral Gables they have to do it manually and there's a manual intervention.

A motion was made by Vice-chairperson Gold to allow the dual payments for the 18 pensioners that received double payment to stay and not get a payment in July, and also to follow-up directly with direct communications letting them know what's going to happen to their July payment. Motion was seconded by Ms. Gomez and unanimously approved (10-0).

The Board requested that PenChecks attend the August Retirement Board meeting in order to provide solutions and alternatives to what they can do to ensure the issue doesn't happen again.

Ms. Estrada spoke about a request she received from retiree Martin Barros regarding the joint meeting with the City Commission. Previously, the Retirement Board had decided that the next joint meeting with the City Commission will be held in November of 2024 and Mr. Barros was asking if that meeting can be re-scheduled earlier during the year and during budget season.

Ms. Gomez stated that at the City Commission level there is a resolution that says that no workshops will be held until the summer because they all travel and then they can't make it. The earliest that it could happen would be after the August City Commission meeting and the first couple weeks of September. Dave West also commented that for the purpose of the joint meeting with the City Commission, part of the motivation was to have an estimated actuarial valuation record in hand.

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Ms. Gomez added that they won't know if a COLA is due until November and Mr. Garcia-Linares also commented that once a COLA is granted, the Board has to vote in favor of the COLA and then it goes to the City Commission. Outside that process, no COLA can be granted. Scheduling an earlier joint meeting with the City Commission may be premature versus having it in November; Ms. Gomez understands the idea to reschedule the meeting and during the budget, but she doesn't know if the Commission is going to be willing to allow budget for something that don't know yet if it's going to happen. Without knowing, the Board should not be discussing what they will do 'if' and when. Ms. Groome noted that Commissioners have already been sent a "Save the date" notice for the November joint meeting. Chairperson Mantecon stated that a reminder can be sent in September.

Ms. Estrada concluded by reminding Board members about the filing of Form 1 (Financial Disclosure) due by July 1, 2024. Chairperson Mantecon commented on a different form he and other Board members received via email from the Miami-Dade Commission on Ethics.

An update was provided to the Board on the number of active and inactive members that are currently registered on the portal; 230 active members are registered (with 301 pending registrations) and 522 inactive members and registered (with 489 pending registrations). An email/flyer has been sent out to active members with pending registration, with specific instructions on how to access the portal and contact GRS in case of any questions.

6. Investment Issues.

Dave West went over the summary reviews, some market attributions and the May return. Also said he had action items and needed to discuss rebalancing.

Mr. West stated there were some significant economic bad action this week and last week looks like more the same resilience of the US economy remains significant, it remains sticky, although it's improving. Bottom line, the narrative for the market continues to move people over to the idea that rates are going to be higher for longer. Fixed income markets continue to struggle.

Mr. West went over the Total Fund net percentages and returns. He believes all the returns this fiscal year has been driven by equities. The fixing of allocation that we have in place, a very customized blend of products, have performed exceptionally well for the Retirement System and has actually been positively accreted to the Plan's actual level of acquired rate of return.

Fiscal Year to date the Plan has earned, \$4.7 million in income, \$57.2 million in appreciation, for an ending Market Value of \$491, 279, 507.

As discussed at the last meeting, Mr. West would be in a position to recommend another rebalancing. The memorandum provided to Board members shows the available cash and the cash flow schedule through September 2024. The total requirement will be \$17,740,000 and Mr. West recommends rebalancing the equities, and a cash raise of \$24,000,000.

It is recommended to sell 3% of total assets from the international equity allocation (WCM Focused Growth), equivalent to \$14 million, and to sell 2% of total assets from the domestic equity allocation (AllSpring All Cap Growth), equivalent to \$10 million. A total of \$24,000,000 will be transferred to the Receipt and Disbursement account.

A motion to approve the rebalancing recommendation as presented by Mr. West was made by Vice-chairperson Gold and seconded by Mr. Easley. Motion unanimously approved (10-0).

Mr. West provided an overview of the changes currently happening with AllSpring All Cap Growth, noting that the portfolio manager and founder is retiring, and the firm is merging two teams into one. Dave West commented that he initiated a call with managers and key people, this is one of the better management teams, and the client service team from that group is one of the best teams he's worked with. AllSpring has offered a total fee waiver for 6 months because they also recognize that this is a significant change and what's going on. Mariner's recommendation is to see better alternatives for this manager.

Mr. West contacted another growth manager, Winslow Capital Management, to ask them if assets come their way what can they do for a fee concession and he received a very generous response to that. He explained the current and proposed fees structure.

A reason Mr. West is not recommending the Index fund at this time is because the Index Growth space is one of the most challenging spaces for manager to outperform and add value. He spoke about the pros and cons if participating in the Index at this time. His recommendation is to move assets to Winslow Capital Management redoing the contract engagement to the lower fee concession that they offer. To get that done, his recommendation is to engage CAPIS Institutional as a transition manager, and he summarized what that's all about because we haven't had to do a manager transition in a long time. CAPIS Institutional is basically a third-party independent broker who will act as a fiduciary. We engage them for a one-time transition and the other benefits are we can be in and out same day at the market, therefore no out of market time and we can minimize the cost of the transition.

The bottom line recommendation is to terminate AllSpring and also allocate \$5 million to the NT SP500 IDX fund.

Chairperson Mantecon questioned if Winslow is now the manager with the highest amount of money, is Mr. West comfortable with that, to which he responded in the affirmative due to the domestic equity portfolio being very diversified. Also, they're solid teams and had no changes to their team. Mr. Easley asked Mr. West if, after discussing AllSpring's manager's retirement, he didn't feel comfortable enough to stay with them or give them an opportunity, to which Mr. West spoke about similarities and differences. People absolutely continue to follow AllSpring but would rather have the demonstrated track record and be invested with the team that we hired originally.

Mr. Carreno asked for clarification on the chart provided by Mr. West pertaining to the Index funds and the reason he is not recommending allocating funds in there at this time.

In regard to a manager's termination, Dave West explained to the Board that anytime, historically most of the time, when the founder or lead of the product leaves, the next generation implements a change in the mix to the recipe and may or may not work.

A motion to approve the termination of AllSpring, work with CAPIS for the engagement agreement, and proceed with manager transition as presented by Mr. West was made by Vice-chairperson Gold and seconded by Mr. Gueits. Motion unanimously approved (10-0).

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Mr. West concluded by providing an overview regarding Garcia Hamilton and its management team. No action recommendations were needed at the time.

7. Old Business.

Ms. Gomez provided clarification between Form 1 (Financial Disclosure) and a separate form recently sent to some Retirement Board members from the Miami-Dade Commission on Ethics. Only Form 1 needs to be filled out.

8. New Business

There was no new business.

9. Public Comments.

There was no public comment.

10. Adjournment.

Meeting was adjourned at 9:30 a.m.

APPROVED ON: _____