

CORAL GABLES RETIREMENT SYSTEM  
 Minutes of November 14, 2024  
 Public Safety Building  
 Community Meeting Room A  
 2151 Salzedo Street  
 8:00 a.m.

MEMBERS:	N	J	F	M	A	M	J	A	S	O	N	APPOINTED BY:
	23	24	24	24	24	24	24	24	24	24	24	
Sean McGrover	-	-	-	-	-	-	-	-	-	P	P	Mayor Vince Lago
Alex Mantecon	P	P	P	E	P	P	P	P	P	P	P	Commissioner Castro
Juan Lucas Alvarez	P	P	P	P	P	E	P	P	P	P	P	Commissioner Ariel Fernandez
Vacant	-	-	-	-	-	-	-	-	-	-	-	Commissioner Kirk Menendez
Manny Carreno	P	P	P	P	E	P	P	A	P	P	P	Commissioner Rhonda Anderson
Joshua Nunez	P	P	P	P	P	A	P	P	P	E	P	Police Representative
Christopher Challenger	P	P	E	P	P	P	E	P	P	P	P	Member at Large
Sureya Serret	P	P	P	P	P	P	E	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	P	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	E	P	E	P	P	E	A	P	P	City Manager Appointee
James Gueits	-	-	-	P	P	P	P	P	P	P	P	City Manager Appointee

STAFF:

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

1. Roll call.

Chairperson Mantecon called the meeting to order at 8:10 a.m. Ms. Elejabarrieta and Mr. Gueits arrived less than 15 minutes into the meeting.

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 and Joint meeting with the City Commission minutes for October 25, 2024.
- 2B. The Administrative Manager recommends approval of the following Retirement Benefit Certifications: DROP – Martha Delgado (General Non-Excludable Employee), Jose Iglesias (General Non-Excludable Employee)

**A motion to approve the Consent Agenda was made by Mr. Rene Alvarez and seconded by Mr. Easley. Motion unanimously approved (9-0).**

- 3. Comments from Retirement Board Chairperson.

Chairperson Mantecon thanked everyone for attending the Joint meeting between the City Commission and the Retirement Board that was held the previous month. Commissioners expressed their appreciation for it and it was very helpful to them and when it comes to being able to make their decisions.

- 4. Items from the Board Attorney.

Mr. Garcia-Linares provided an update regarding a QDRO that was received. He had a conversation with the retiree who explained that his ex-wife had her attorney submit the incorrect form a year before, but he understands he owes the money and is willing to repay as soon as possible. Mr. Garcia-Linares will be working on a simple agreement; in the meantime, the pending lump sum can be issued to the ex-wife and his monthly pension payments stop until the money he owes has been fully paid.

**A motion to pay the ex-wife directly and immediately, and to seek payments from the retiree as agreed was made by Ms. Gomez and seconded by Mr. Rene Alvarez. Motion unanimously approved (9-0).**

Ms. Gomez addressed Actuary Pete Strong who attended the meeting remotely via Zoom, and asked him to speak about how the COLA is going to be paid and what the process is.

Mr. Strong mentioned that, as he communicated at the October meeting, if the full 8% was credited, it would increase the unfunded liability by about \$25.8 million and the required City contribution by almost \$3.5 million. Since the commission approved 4%, which is half of that, those amounts are cut into half. That'll change slightly depending on what the Board decides to do with the investment return assumption today. COLA payments will be processed with the 1/1/2025 pension payments, and everybody that's eligible for a COLA will receive an increase in their January 1<sup>st</sup> payment. Mr. Strong and Ms. Gomez also spoke briefly about the projections that were made, the amount that's required and the City payments.

5. Items from the third-party Pension Administrator.

Ms. Estrada noted that in regard to the COLA letters one of the retirees was asking us if GRS was going to be able to send a letter to the people eligible for the COLA to which she responded affirmatively. A letter is to be mailed out from GRS to COLA recipients and prior to January 1, 2025.

Ms. Estrada spoke about the Annual Open Enrollment for Medical/Dental/Vision (General Employees). The deadline was Friday November 22, 2025 and a copy of the notification issued by the City with the new rates for 2025 is to be sent to retirees via U.S. regular mail and those who have an email address will receive it via email.

The Direct Deposit dates for calendar year 2025 and the schedule provided by PenChecks, along with information regarding the Annual Open Enrollment will be available on the pension portal and will be sent out to retirees.

Ms. Estrada notified the Board that she will be sending out calendar invites soon for the 2025 Retirement System Board meeting dates and that if for any reason anyone is unable to attend a meeting, to let her know in advance.

An update was provided to the Board on the number of active and inactive members that are currently registered on the portal; 260 active members are registered (with 260 pending registrations) and 531 inactive members and registered (with 485 pending registrations).

Mr. Tramont noted that the numbers reflect an increase from the last time the registration was measured and that we are moving in the right direction, and will be sending out registration codes to active members on a quarterly basis.

6. Items from the Actuary.

Pete Strong spoke about the financial impact of lowering Investment Return Assumption. The increase in the contribution for the COLA will be a little over \$1.7 million.

In regard to the baseline contribution calculated as of 10/1/2023, a change from 7.15% to 7.10% would increase the contribution by about \$280,000 and to go to 7.05% would be about \$566,000, as shown on the exhibit presented by Mr. Strong.

These are similar to numbers shown in the past; similar to what the impact of the last investment return reduction was. The recommendation is targeting 7.0%. In the past, the Board has come down by usually either five or 10 basis points per year; ever since this process started about six or seven years ago. Usually, it depends on whether the market return is really good or not so good.

Mr. Strong explained that it's really up to the Board and whether they want to go to 7.10% or 7.05% it really depends on how fast they want to get to 7.0%.

<b>ACTUARIAL VALUATION IMPACT AS OF OCTOBER 1, 2023</b>				
<b>Investment Return Assumption</b>	<b>7.15% (Baseline*)</b>	<b>7.10%</b>	<b>7.05%</b>	<b>7.00%</b>
Unfunded Actuarial Accrued Liability (UAAL) <i>Change from Baseline</i>	\$ 157,062,382	\$ 159,926,310 \$ 2,863,928	\$ 162,854,228 \$ 5,791,846	\$ 165,807,097 \$ 8,744,715
FY 2025 Required City Contribution (payable in-full on 10/1/2024) <i>Change from Baseline</i>	\$ 21,640,377	\$ 21,920,536 \$ 280,159	\$ 22,206,485 \$ 566,108	\$ 22,493,790 \$ 853,413
As a Percent of Covered Payroll <i>Change from Baseline</i>	45.28%	45.87% 0.59%	46.47% 1.19%	47.07% 1.79%

*\*Reflects Actuarial Impact Statement dated 10/16/2024*

Chairperson Mantecon mentioned that every year the Board has been doing this for quite a few years, and every year it's the same conversation. They've had a great year and it's a little bit easier of a decision, but he believes the Board wants to be in line with what the market standards are.

Mr. McGrover asked to explain the difference between the 7.00% and 7.10% to 7.15% to which Chairperson Mantecon responded indicating that an assumption needs to be made as to what the fund is going to return going forward; when the assumption is an unrealistic high rate of return you will have an actuarial loss. Mr. Strong added that the reason the unfunded liability and the contribution immediately go up from making these changes is because this is the rate that they are discounting all future benefits by. They are assuming the assets are going to earn in line with the liabilities. If they are using a 7.0% return assumption, that means they are discounting all the future benefit payments by 7.0% instead of by 7.15%.

Dave West added that, as an Investment Consultant, he supports the conversations moving it to a 7%; he thinks that makes complete sense and 7% is perceived to be a reasonable investment rate.

**A motion to reduce the Investment Return Assumption to 7% was made by Mr. McGrover and seconded by Mr. Gueits. Motion unanimously approved (11-0).**

7. Investment Issues.

Dave West presented a spreadsheet that provided details about the market value before and after the most recent rebalancing recommendations. Everything has started to equalize in this market rally, very healthy, and that has also been supported by a recent round of good earnings. The bond market is viewing the pending policies as being very inflationary, therefore the bond market can continue to sell off.

Another item, which is in part related to where interest rates are going at the moment, is the remarkable strength of the U.S. dollar; the U.S. economy is doing much better than was expected.

As of November 13, 2024, the total Market Value is \$537,220,827.

Mr. West spoke about rebalancing and explained that rebalancing decisions need to be made on the scheduled time and hopefully when the Board meets again in January 2025, a more formalized rebalancing can be made.

The rebalancing adding the additional \$3 million to the Serenitas Gamma 2 Fund under non-core fixed income was not completed; Mr. West didn't realize that fund actually had a hard close and he thought they were still open to existing investors, but they actually put a hard-close cap on that. They've initiated another fund which is more broad market based and they can look at that in the future. Since the \$3 million is still in cash, Mr. West suggested to make a modification to the original recommendation for that \$3 million and take the opportunity to re-up their position in the Fidelity Inflation Protection Securities Index Fund. Mr. West explained the reasons for his suggestions and mentioned that it would fit in line with the Serenitas Gamma 2 Fund.

Mr. McGrover asked whether the goal was to increase the Fidelity Inflation Protection Securities Index Fund by 100% and whether that was based on the anticipation of increased inflation, to which Mr. West responded affirmatively.

**A motion to approve the modification suggested by Mr. West by adding the \$3 million to the Fidelity Inflation Protection Securities Index Fund was made by Mr. Juan Lucas Alvarez and seconded by Mr. Gueits. Motion unanimously approved (11-0).**

8. Old Business.

There was no old business.

9. New Business

There was no new business.

10. Public Comments.

Mr. Harry Pickering addressed the Board and mentioned that he was at the COLA hearing and was one of the retirees that testified during the hearing. After that hearing, and speaking with their FOP President and the rest of the retiree committee members, it's their understanding that only members of the Class action lawsuit including GAP members and opt-out members are the only retirees which are going to receive the COLA and not retirees that retired after the court settlement. Mr. Pickering would like to confirm their understanding. Mr. Garcia-Linares responded affirmatively and indicated that those members are the only ones that would be entitled to a COLA under the agreement.

Mr. Pickering stated that he was a Class member of the Class action lawsuit and he believes that the intent of the plaintiffs and the defendants and the court order were that creating the clause called the Alternative Dispute Resolution Mechanism was going to be the path forward for all eternity for all retirees; he thinks it's unfair to those retirees that have retired since the settlement of the lawsuit and that weren't Class members and it just doesn't make any sense to him. Mr. Pickering added that it seems like the Alternative Dispute Resolution Mechanism is a path forward for all retirees, not just a group that sued the City.

Mr. Garcia-Linares responded to Mr. Pickering and explained that the issue comes to the Board and the Board had to follow the agreement and had to grant the 8% to people that were within the agreement. For everyone else, it was denied, and voted against providing any COLA because it would not comply with the Ordinance. Ms. Gomez noted the change to the Ordinance that was made shortly after the lawsuit.

In response to Mr. Pickering's question about "what's in the future? The Ordinance has changed for everybody moving forward. What is in the future for retirees or retired post-court settlement? When will they ever receive a COLA?", Ms. Gomez responded that it'd be when there's a cumulative gain or when there's a change to the Ordinance.

Mr. Pickering said that since Tuesday night his phone has been ringing off the hook with calls and those are the ones that are concerned. There is one retiree that did not receive the 2013 COLA but did receive the 2014 COLA and he's caught right on the borderline and Mr. Pickering didn't know what to tell him; and it's demoralizing for those retirees that retired post-court settlement.

Mr. Pickering thanked Ms. Estrada for obtaining the Direct Deposit dates for calendar year 2025 and the schedule provided by PenChecks, and he stated that the letter needs to be mailed out to retirees through the U.S. Postal Service because a lot of retirees are not using that pension portal. Ms. Estrada agreed and confirmed that GRS will do as he mentioned.

11. Adjournment.

Meeting was adjourned at 9:05 a.m.

APPROVED ON: \_\_\_\_\_