

**CORAL GABLES RETIREMENT BOARD
EXECUTIVE SUMMARY OF MINUTES**

MEETING DATE: October 14, 2010

MEETING LOCATION: Youth Center Auditorium

Meeting called to order by Chairperson Tom Huston at 8:09 A.M.

Board Members in attendance: Steve Naclerio, Manuel Garcia-Linares, Tom Huston, Les Space, Daniel DiGiacomo, Randy Hoff, Victor Goizueta and Troy Easley. Sal Geraci was excused. Staff in attendance: Kimberly Groome, Administrative Manager; Donald G. Nelson, Finance Director; and Troy Brown and Dave West, The Bogdahn Group. Guests in attendance: Richard Sicking, Esq.; Jose Torres, retiree; Robert Keck, Princeton Futures Fund; and Seamus O'Donnchadha, Abbey Capital.

AGENDA

1. Roll call.
2. Approval of the Retirement Board meeting minutes for September 16, 2010.
3. Approval of the Retirement Board Executive Summary minutes for September 16, 2010.
4. Report of Administrative Manager.
5. Approval of Employee Benefits.
6. Discussion of reducing service connected disability retiree Jose Torres' monthly benefit
7. Submission of Bills.
8. Presentations of Managed Futures firms Princeton Futures Fund and Abbey Capital
9. Investment Issues.
10. Old Business.
11. New Business.

SUMMARY OF MINUTES IN ORDER AS DISCUSSED

Chairperson Huston informed that the Board Attorney was not at the meeting because he was in South Korea as a guest of the South Korean Government having participated in the Korean Conflict.

The Board approved a motion to prepare a certification of appreciation for Mr. Greenfield's service in the Korean War and his service to the Board.

Mr. Space was presented with a plaque for completing his Certification as a Public Pension Trustee with the Florida Public Pension Association. Mr. DiGiacomo's wife, Kimberly, was recognized for being awarded the Officer of the Month for October 2010. Chairperson Huston announced that the late Chief Hammerschmidt's wife passed away and recognized Board member Mr. Garcia-Linares who was named as one of 16 attorneys from the Richman Greer law firm as a Florida Super Lawyer.

AGENDA ITEM #6 Discussion of reducing service connected disability retiree Jose Torres' monthly benefit

SUMMARY: The Board unanimously approved waiving the reduction of Mr. Torres' service connected disability monthly retirement benefit due to Mr. Torres' medical documents and the Social Security Administration Office of Disability Adjudication and Review's decision.

AGENDA ITEM # 2: Approval of Board meeting minutes

SUMMARY: The Executive Summary minutes for September 16, 2010 were unanimously approved.

AGENDA ITEM # 3: Approval of Executive Summary minutes

SUMMARY: The Executive Summary minutes for September 16, 2010 were unanimously approved.

AGENDA ITEM #4: Report of the Administrative Manager.

SUMMARY: The Board approved the Administrative Manager's report without discussion.

AGENDA ITEM #6: Employee Benefits.

SUMMARY: The Board approved the employee benefits for Albert Reyes, Jr. (Retirement), Esther Zabalo (Retirement), Juan Calderin (Retirement), Raymond Vorsteg (DROP), Carlos Eguiluz (DROP), Rene Brito (DROP), and Dave Drescher (DROP).

AGENDA ITEM #7: Submission of bills.

SUMMARY: The Board approved the City of Coral Gables and The Bogdahn Group invoices. The Board discussed the City of Coral Gables invoice for expenses of the retirement system for fiscal years 05/06, 06/07, 07/08 and 08/09. Mr. Nelson explained that the invoice is an accounting of actual expenses that were incurred by the pension fund for fiscal years 05/06, 06/07, 07/08 and 08/09. The Retirement Fund did not pay the General Fund for absorbing those costs. The General Fund of the City was bearing the actual costs even though they were budgeted to be funded by the Retirement Fund. The amounts were accounted for and were reported in the Financial Report that was presented by the outside accounting firm of Goldstein Schechter and Koch last year. The amounts were accounted for but the actual transfer was not made.

Agenda Item #8: Presentations of Managed Futures firms Princeton Futures Fund and Abbey Capital

SUMMARY: Bob Keck, the President, Chief Investment Office and co-owner of 6800 Capital that manages the Princeton Futures Fund, made a presentation to the Board. Princeton Futures fund is a multi-advisor fund which focuses exclusively on Commodity Trading Advisors and global macro managers. The Fund is offered and managed solely in accordance with the investment philosophy of 6800 Capital. They are one of the oldest firms in the industry. They have never had a losing year. As of the last year they had an annualized return of 16% and this year they are above 4.5% year to date. If the Board's goal is the consistency of returns and an investment that is highly uncorrelated with any other investment along with the skill and experience to implement the strategy he hopes that the Board would give very serious consideration into the Princeton Futures Fund.

Seamus O'Donnchadha of Abbey Capital informs that they are an Irish firm and have 60% of their business in the United States. He explains that managed futures is a bi-directional managed strategy with no directional bias. It just captures trends being on the upside or the downside. They operate within the most deep illiquid markets. The reason a Board looks at managed futures as an asset class is because managed futures exhibits a very favorable correlation with equities and bonds. It exhibits a low correlation with bonds and a negative correlation with equity bearish market trends. It also has a positive correlation with equity bullish trends because of the bi-directional nature of the strategies and the deep illiquid market it operates in. Their long term targeted returns are 12% to 15% per year. Their annualized rate of return since inception is 11.6%.

AGENDA ITEM #9: Investment Issues.

SUMMARY: Mr. West reported that as of August 31st the fund opened with \$224,539,582 and closed September 30th with \$236,136,630. For the entire fiscal year the rate of return was 9.16% which is ahead of the required rate of return of 7.75%.

Mr. West and Mr. Brown presented a comparison report on the managers Eagle Capital and MD Sass. The manager returns of Eagle Capital and MD Sass for the year are very different. Mr. Brown informed that the reality of comparing growth and value managers is that during a cycle the growth manager will out perform the value manager and vice-versa. Looking at Eagle Capital and MD Sass through ten years Eagle Capital outperforms MD Sass for five years and MD Sass outperforms Eagle for five years. So if you believe in the cycle you would want to give more money to the manager that is down now rather than up because the cycle shows that the under performing manager will start to out perform while the out performing manager will start to under perform. Their recommendation is to stay with MD Sass and Eagle.

The Board unanimously approved a motion to invest \$10 million of the \$21 million City contribution into the S&P 500 index fund and invest the other half of the City contribution into the fixed income managers, JK Milne and Richmond Capital minus \$2.8 million for payments of benefits for November.

AGENDA ITEM #10: Old Business.

SUMMARY: There was no old business discussed.

AGENDA ITEM #11: New Business.

SUMMARY: There was no new business discussed.

The next Retirement Board meeting is scheduled for 8:00 A.M. on November 3, 2010 and will be located in the Police Community Meeting Room, Basement of the Police Station. There being no further business the meeting adjourned at 11:33 A.M.