

CORAL GABLES RETIREMENT SYSTEM
 RETIREMENT BOARD AGENDA
 THURSDAY, APRIL 13, 2017

8:00 A.M.

UNIVERSITY OF MIAMI NEWMAN ALUMNI CENTER
 6200 SAN AMARO DRIVE
 4TH FLOOR CONFERENCE ROOM

MEMBERS:	A	M	J	A	S	O	N	J	F	M	A	APPOINTED BY:
	16	16	16	16	16	16	16	17	17	17	17	
Andy Gomez	P	E	P	P	E	P	P	P	P	P	P	Mayor Jim Cason
James Gueits	E	E	E	E	P	P	P	E	P	P	P	Vice Mayor C. Quesada
Charles Rigl	P	P	P	P	P	P	P	P	P	P	P	Commissioner Jeanette Slesnick
Michael Gold	P	P	P	P	P	P	P	P	P	E	P	Commissioner Patricia Keon
Rene Alvarez	P	P	E	E	P	E	P	E	P	P	P	Commissioner Vince Lago
Joshua Nunez	E	P	E	P	P	P	P	E	E	E	E	Police Representative
Vacant	-	-	-	-	-	-	-	-	-	-	-	Member at Large
Carlos Fleites	-	-	-	-	-	-	-	P	P	P	E	General Employees
Troy Easley	P	E	P	P	E	P	P	E	P	P	E	Fire Representative
Diana Gomez	P	P	P	P	P	P	P	P	P	E	P	Finance Director
Raquel Elejabarrieta	-	-	-	-	-	-	-	-	-	P	P	Labor Relations and Risk Management
Manuel A. Garcia-Linares	E	E	P	E	E	P	P	P	P	P	E	City Manager Appointee
Pete Chircut	-	-	-	-	-	P	P	E	P	P	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager
 Ornelisa Coffy, Retirement System Assistant
 Alan Greenfield, Board Attorney
 Dave West, AndCo, LLC

P = Present
 E = Excused
 A = Absent

GUESTS:

Randy Hoff

Chairperson Gomez calls the meeting to order at 8:09 a.m.

1. Roll call.

All Board members are in attendance except Mr. Nunez, Mr. Garcia- Linares, Mr. Fleites and Mr. Easley who were excused.

Past Board member Randy Hoff was present as a visiting citizen of the City. Before moving on to the Consent Agenda, Chairperson Gomez presents Mr. Hoff with a plaque for all of his hard work and dedication on the Board. He expresses that it was a pleasure

having Mr. Hoff as a Board member. He comments that he was disappointed that Mr. Hoff did not win in the race for the Commission seat but he is an individual who ran a campaign with high standards and has served the community with distinction and honor. He recognizes Mr. Hoff on behalf of the entire Board for his service to this Board and as Chairperson. Hopefully through some small technicality he hopes to have Mr. Hoff return to the Board. Mr. Hoff thanks the Board. He joined the Board in 2000 and had no idea what he was doing but through the great educational opportunities he received from the FPPTA, he came to thoroughly understand how the Retirement System works. He thinks the single greatest accomplishment is finally having the Funding Policy in effect.

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 March 2, 2017.
- 2B. The Administrative Manager recommends approval of the Report of the Administrative Manager.
- 2C. The Administrative Manager recommends approval for the following invoices:
 - 1. GRS invoice #428464 dated March 13, 2017 for actuarial consulting services for the month of February 2017 in the amount of \$9,254.00.
 - 2. GRS invoice #429287 dated April 5, 2017 for actuarial consulting services for the month of March 2017 in the amount of \$15,984.00.
 - 3. AndCo Consulting, LLC invoice #21313 dated March 31, 2017 for Performance Evaluation and Consulting Services from January to March 2017 in the amount of \$36,250.00.
 - 4. BDO invoice #000766938 dated February 22, 2017 for audit reporting ending 9/30/2016 in the amount of \$8,675.28.
 - 5. BDO invoice #000784108 dated March 28, 2017 for audit reporting ending 9/30/2016 in the amount of \$3,242.00.

- 2D. The Administrative Manager recommends approval of the following Retirement Benefit Certifications:
1. DROP Benefits: Ayliin Hernandez (General/Teamster), Lisa Plasencia (General/Teamster), Percy Nunez (General/Teamster) and Raul Pedroso (Police).
 2. Vested Rights Benefits: Andrew Singletary (General/Teamster).

Mr. Rigl points out that there is a typo on the agenda for the amount of the actuarial consulting services for the month of March 2017 and there are some expenses for payment listed that are not in the Cash Flow for this month. Ms. Groome informs that there is a small reserve in the cash flow in case additional fees need to be paid for the month.

A motion was made to by Mr. Alvarez and seconded by Mr. Gold to approve the Consent Agenda. Motion unanimously approved (8-0).

Mr. Gueits arrives to the meeting at this time.

3. Comments from Retirement Board Chairperson.

Chairperson Gomez announces that Ms. Coffy is finally a full-time employee. He had a phone conversation with the City Manager and the Mayor who briefed him on the agreement with the Police Union. Mr. Strong will address that issue in terms of the impact on the Retirement System later on in the meeting. The City Manager suggested that in the future how a member of this Board can participate in the future discussion of collective bargaining for all the unions. He asks Ms. Elejabarrieta to address this issue. He knows that these negotiations are public meetings but the Board has never sat in the audience for these meetings. Ms. Elejabarrieta confirms that union negotiations are public meetings just as any other public meeting. The public is invited. There are Executive Sessions that are not open to the public but other than that all negotiations are open to the public. Ms. Groome asks where the meetings are noticed. Ms. Elejabarrieta responds that the meetings are noticed through the City Clerk's office at least three days in advance. Chairperson Gomez adds that the City Manager and Ms. Elejabarrieta have indicated that they will inform the Board of the meetings if they would like attend. He appreciates that the City Manager brought this up and believes it is a step forward in the City and the Board working closer together. It is very welcoming.

Ms. Gomez asks if there could be an issue with the Sunshine Law if more than one Board member is present. Chairperson Gomez asks Mr. Greenfield for his opinion. Mr. Greenfield doesn't see a Sunshine problem as long as the Board members are not participating. The public can ask questions and there is nothing that the Board members will be voting on, they have no prerogative to get involved in negotiations and they

would never have something come before the Board where they approve or disapprove the contract. Chairperson Gomez asks for Mr. Greenfield to double check with the City Attorney to verify there will be no issue with Board members attending the Union negotiation discussions.

Chairperson Gomez informs that he, Ms. Groome and Ms. Coffy met with a realtor to view the space available for rent in the 475 building. He wants to come back and discuss this matter with the Board later in the meeting. He states that the Craig Leen, the City Attorney, called him over the weekend to talk about the COLA. He has had discussions with Mr. Greenfield regarding attorney fees. Mr. Cantero and Mr. Leen confirmed that the City will be paying those attorney fees. Mr. Gueits asks how much the fees were. Mr. Rigl responds that they were \$125,000.00.

Chairperson Gomez states that after the run off on April 25th, he would like to meet with the Mayor-elect and Commissioner Keon and whoever becomes the other Commissioner after April 25th just to meet with them and update them on the Retirement System. At the last meeting they spoke about having a joint meeting in June with the Mayor and Commissioners. He told the Manager that he would sit down with her and work out the agenda and what they would like to accomplish. He welcomes the Board member's suggestions on anything that the Board members may feel need to be placed on the agenda.

4. Items from the Board attorney.

Mr. Greenfield reports that it has been a very busy month with finalizing Ms. Coffy's contract along with a number of other things like QDROs and overpayments to retirees. He did receive the proposed draft of the COLA. The Board took no part in the negotiations of the COLA. They specifically did not want the Retirement Board to be a part of the negotiations. He can't comment on what they are paying and why they are paying it. There were several things that had an impact on the Board. For example, the agreement was negotiated for the Administrative Manager, an employee of the Board, to be the administrator of the COLA payment process. Chairperson Gomez informs that when he spoke to Mr. Greenfield about this, he originally objected to the decision. Mr. Greenfield continues. From his point of view he believed it was wrong for them to have appointed the Administrative Manager to do that task without first discussing it with the Board. The Board may or may not have agreed to that. There is a question of pay. Who will pay the Retirement Staff's time in doing this task? Will the City reimburse the Board for those hours worked? That was the first issue. The second issue is who will pay the attorney fees. He felt that the draft should specifically state that the fees will not be an expense of the Retirement Board. Ms. Gomez advises that the understanding is that the City is to pay the fees. Mr. Greenfield understands but there is another provision in the draft that deals with attorney fees which is not specific. Once a final agreement is made he hopes it will be brought to the Board and that the Board will follow it.

Mr. Greenfield continues. He created a Resolution of the Board which the Board adopted at the March Board meeting. The Board by majority vote determined they desired to change Ordinance Section 50-21 to make certain that its present or future Administrative Manager avoid any violation of the Sunshine Law. He thinks he has followed the Board's direction. The Resolution and draft ordinance is ready to go to the Commission for consideration. Mr. Greenfield informs that there is an ordinance in effect right now and the Board must comply with that ordinance until it has been amended. He sent the Resolution to Mr. Leen and he is waiting for his approval.

Ms. Gomez states that at the last Board meeting technically, Mr. Hoff was not a Board member because he had qualified to run for a Commission seat. However, he made a motion on a couple of the items and technically he did not have the authority to do so. Do they need to make new motions on those items? Once a person qualifies to run for office of the City they must resign from any Board according to the City Attorney. Mr. Greenfield asks Mr. Hoff what was the day of the resignation. Mr. Hoff explains that there was some confusion because the Clerk's office said he had to resign three days after the election. There is a specific City ordinance that says otherwise. With everything that was going on, the City Attorney was focusing on one issue and there was some confusion. There is a specific City ordinance that states that the day you qualify is the day you automatically resign from the Board so it was before the last meeting. Mr. Greenfield thinks that technically, Ms. Gomez is correct. Mr. Gueits asks what motions were made by Mr. Hoff at the last meeting. Ms. Groome informs that one was for the Consent Agenda, one was for the Resolution to change the Retirement Ordinance and the last one was for approval of the audit.

Mr. Greenfield advises that all three motions would have to be considered null and void as Mr. Hoff did not have authority to make the motions. New motions will need to be made.

A motion was made by Mr. Gueits and seconded by Mr. Alvarez to approve the Consent Agenda of the March 2, 2017 Retirement Board meeting. Motion unanimously approved (10-0).

A motion was made by Mr. Gueits and seconded by Mr. Alvarez to have the Board Attorney create a Resolution asking the Commission to amend Section 50-212 – Establishment, members and chairman of the Retirement Ordinance which was discussed at the March 2, 2017 Retirement Board meeting. Motion unanimously approved (10-0).

A motion was made by Mr. Gueits and seconded by Mr. Alvarez to accept the draft 2015-2016 audit report which was presented by BDO and discussed at the March 2, 2017 Retirement Board meeting. Motion unanimously approved (10-0).

5. Attendance of Pete Strong, Gabriel Roeder Smith, addressing his recommendation revising the retirement probabilities for Police in conjunction with the change in benefits in the Collective Bargaining Agreement between the Fraternal Order of Police and the City which was approved on second reading at the City Commission meeting of March 14, 2017.

Chairperson Gomez informs that he asked Mr. Strong to give the Board an update on the Police collective bargaining agreement and the impact it will have on the Retirement System. Mr. Strong states that in early March, Ms. Elejabarrieta requested that the actuary prepare an impact statement for the updated collective bargaining result for police officers. Basically it will create an increase in the benefit multiplier to get to 75% in aggregate. It is a variable 25 year benefit multiplier depending on what the cumulative benefit multiplier was through 24 years and up to a max of 10%. If someone's cumulative benefit multiplier through 24 years of service is 65% which is where someone would be if their entire length of service was at the new benefit tier then they would get the 10% multiplier in their 25th year to get the 75% total. When they first reviewed this ordinance it was believed this would change retirement behavior and probably make people work longer to get to 25 years so they could get that bump at the end. The initial thought was to reduce the retirement rate probabilities prior to 25 years of service and assume more people would make it to 25 years. Since all assumptions must be approved by the Retirement Board and there wasn't a Board meeting to discuss it prior to the deadline for completing the ordinance. So he reached out to the Chairperson about revising the assumption. Their proposed assumption was to go down to 5% for someone younger than age 50, 10% if older than age 50 and 100% to any persons left retiring after 25 years. After they ran the numbers on that, they found that people who had 10 years of service and eligible for Rule of 70 under the grandfather provision would have 14 to 15 years of service or more would have a smaller bump in their 25th year to get to 75%. The liability with them retiring soon after attaining the Rule of 70 was greater because they get their benefit for a longer period of time.

If someone has 20 years of service and is 45 years old, if they were to work to 25 years they would be at age 50 but that would be two and a half years after they would have reached the Rule of 70. The present value of them going out with the Rule of 70 at age 47½ even though they wouldn't have attained the full 75% benefit multiplier was actually a greater liability because they get their benefit for two and a half years longer than if they wait until they get to age 50 because the bump was not a full 10% for that person. Then they proposed to the Chairperson, to leave the retirement rates in place for people eligible for the Rule of 70 because that is the more conservative approach since they are getting closer to retirement age. The Experience Study they did in 2014 looked at the experience of people once they reached eligibility for Rule of 70 because they had no experience of anyone retiring under the new rule of age 55 or 25 years of service. That was another argument to leave the retirement rates unchanged for the Rule of 70. It just makes a retirement rate adjustment to 5% or 10% per year until reaching 25 years and then 100% for those who had less than 10 years as of 9/30/2012. The net result of their

calculations using that assumption change was an increase in the contributions requirement of \$115,800 and the unfunded liability changed by \$740,000.

Mr. Chircut asks if that is the total amount added to the previous amounts. Mr. Strong answers affirmatively. Ms. Gomez asks for people who have not reached eligibility for the Rule of 70 they are reducing the retirement rates because they feel those people will probably stay. Mr. Strong informs that they believe the people who will get the biggest bump in the 25th year are the people who aren't eligible for Rule of 70 anyway. They reduced the retirement rates because those people are more than likely to stay for 25 years. The only people this would change for are the people who would reach age 55 before reaching 25 years of service. People who are not eligible to reach Rule of 70 would get moved to a 10% probability retirement per year. Mr. Greenfield asks if any of his other clients have similar types of situations. Mr. Strong answers negatively. This is a new concept. They will look at this again in the next three years or so to see what the actual outcome is. The next Experience Study is due in the next three years. It is recommended that they do an Experience Study every five years. He informs that right now this change was conditionally approved by the Board Chairperson and he would like for the full Board to vote on this change.

Mr. Strong reviews the preliminary October 1, 2016 Actuarial Valuation results. These numbers have not been finalized. The total market value of assets as of 10/1/16 is \$345.5 million and that number is a pretty firm number. The rate of return on the actuarial value of assets was higher than the return on the market value because they are still phasing in 2012 and 2014 gains. The total actuarial value of assets as of 10/1/16 is approximately \$349.2 million. Total liability is \$574.2 million which is an increase from \$559.1 million. The bulk of that increase is due to the FRS mortality tables and the police change. The funded ratio is approximately 60.8% which is an increase from 59.4%. It would have been about 62% prior to the FRS mortality change. In last's year valuation they forecasted about a 1% reduction in the funded ratio and it turns out to be 1.3%. The market value based funded ratio is still over 60% it would have been 61.4% prior to the FRS mortality change. The unfunded actuarial accrued liability is \$225.0 million a decrease from \$226.7 million even after reflecting all of the changes and so it is still going down. It would have been \$213.5 million prior to the required FRS mortality assumption change. It would have been about 228.3 million prior to the City making an extra \$3.3 million contribution towards the UAAL. The City contribution is estimated to be \$23.2 million in contributions for FY 2018 payable in full in October 2017. The experience gain was approximately \$44.7 million, with approximately \$6.1 million being attributable to the investment return on the actuarial value of assets. There was a small loss on the liability side and part of that loss is the change in coding to reflect total pay for duty death and disability for police and fire. Pete concludes and advises that the formal report should be available at the next Board meeting.

A motion was made by Mr. Gueits and seconded by Mr. Rigl to approve a modification of the actuarial assumption to reflect 10% per year for people who are not eligible for Rule of 70. Motion unanimously passed (10-0).

6. Approval to pay back payments to vested rights retirees who were eligible to receive their frozen benefit the first of the month after their separation from the City's employment according to Retirement Ordinance Section 50-230 (a)(4) Notwithstanding any other provision of this retirement system, any participant, other than a police officers or firefighter, who is employed and not participating in the DROP on September 30, 2010, may elect to receive his/her frozen accrued benefit as of that date, determined in accordance with the provisions of the system in effect on September 29, 2010, payable on the date and in the manner provided by the system in effect on September 29, 2010. Both employees terminated their employment with the City in 2016.

Ms. Groome informs that when she did benefit calculations for two people who left the City with 10 years certain the actuary informed that they had already achieved Rule of 70 or age 52 under the frozen benefit as 9/30/2010 which were part of the changes in the plan for general and general excluded employees. Mr. Strong explains that they had that in their provision notes and he noticed that frozen benefits as of 9/30/2010 of the old provisions are still payable if chosen by the employee to elect them. This means the person can obtain their old benefit immediately if they were eligible. Ms. Groome states that this has been brought to the Board because these two people are owed back pay and Mr. Strong recommended this issue be brought to the Board's attention. One person is owed roughly \$30,000 and the other is owed about \$6,000.

Ms. Gomez comments that one of the recipients was recently arrested for stealing from the City. They have not been convicted yet and they do have a right to the pension until convicted. She wants to make the Board aware that the City will be pursuing this and once the person is convicted the funds will need to be recouped or all annuity payments will be stopped. Ms. Groome points out that there is a State Statute which says if a government employee commits a felony and is convicted of the felony then they forfeit their pension.

7. Discussion regarding the draft settlement agreement for the Murree v. Coral Gables case regarding the cost of living adjustment and discussion on Board approval allowing the Administrative Manager to serve as the Settlement Administrator (help distribute notices, COLA payments to class members, and collect exclusion request forms (§§ 4, 5, 8.1, 9)).

Chairperson Gomez asks Mr. Greenfield if there is anything further that needs to be added regarding the COLA. Mr. Chircut asks if there is a way that an analysis can be done to see what the additional costs of the COLA will be on the City. Mr. Strong advises that it can be done. He informs that he has been contacted by the outside attorneys for the City to see if he had any concerns. His biggest concern is that any payments that are made will be reflected. A question has come up about the language in the settlement

about future COLAs. It sounds like they are going to reinstate for the people who are members of the class which is a select group for people who retired before a select date to be eligible for future COLAS whenever the 10% market value returns trigger. Then it will have to go through approval by the Board, the Commission which has the right to suspend or stop it with a 4/5 majority. They can take into consideration the accumulative experience loss of the plan and several other conditions listed. He recommends assigning some type of probability to future COLA's occurring that can assist in the advanced funding of the COLA if need be. He thinks that should be looked at to see what the anticipated cost would be for that select group. Mr. Rigl asks how many people are in the class action. Ms. Groome responds that it is roughly 800 retirees in the group. Mr. Strong recommends doing an analysis to show approximately what the impact may be. Chairperson Gomez asks if it would be possible to have this completed by the next meeting. Mr. Strong explains that they are currently focused on completing the Actuarial Valuation Results but they can try to have a ballpark number for the next meeting. Ms. Gomez asks exactly Mr. Strong would be working on. Mr. Strong replies that he would be working on how much the current draft settlement would cost and they would recommend that future COLAs are funded in advance. Ms. Gomez states that in the past they have funded the COLAs when they are given. Mr. Strong understands but what that does is immediately increases the unfunded liability each time a COLA is given. Ms. Gomez understands their position. Mr. Strong states that the actuarial standards are pretty clear that if a COLA is substantively automatic then it needs to be recognized in advance. By "substantively" he means there is a reasonable likelihood of it occurring at a regular basis in the future. Mr. Greenfield points out that what the Board is asking Mr. Strong to do could go to the attorneys for the City because they are still negotiating the decision and knowing what that figure is it may change the negotiations. He thinks it is important that they receive that information also.

Chairperson Gomez goes back to the issue of the Administrative Manager being the Settlement Administrator. He discussed this with Mr. Greenfield and Mr. Leen. Even though it does add to the work in the Retirement Office, they are lucky that they have an additional full-time employee to help with the workload. That does not address the issue Mr. Greenfield brought up about any overtime which is a separate issue and how the Board treats that regarding any kind of overtime hours. Ms. Groome informs that she does not get paid overtime since she is a salaried employee. Chairperson Gomez asks if anyone has any objections or further discussion regarding the Administrative Manager being appointed as the Settlement Administrator. Mr. Chircut states that Ms. Groome will be mailing out all the documents to the retirees. Ms. Groome comments that nothing has been finalized yet. From what she understands, when the settlement is ready to send out they will send it out and when she receives the paperwork back from the retirees then she sends it to the attorneys.

8. Investment Issues.

Dave West, AndCo LLC, reports on the investment performance. They system is in very good position now fiscal year to date. The total fund for the month was up 1.05%.

Quarter to date they picked up a nice 5.23% which puts them at 6.4% for the fiscal year to date. They outperformed nicely on the quarter and fiscal year to date they are running ahead of the market. Eagle on the quarter was up 6.45% and fiscal year to date they were at 13.97%. MD Sass on quarter was up 2.77% and fiscal year to date they were at 12.96%. Large cap stocks trump the small/mid cap stocks on the quarter. Fiscal year to date they were at 10%. Winslow has had some recovery on the quarter and is still trailing a little on the fiscal year to date. Wells Capital, the manager that has been under the spotlight, had an excellent quarter at 11.67% and fiscal year to date at 7.78%. They were very encouraged to see the bounce back from Wells Capital. The mid-cap index fund was at 3.95% for the quarter and at 11.68% fiscal year to date. That allocation remains one of their best performers. International equities carried the ball forward during the quarter with domestic equities lagging a little. The index fund was up 7.95%. RBC came in line with the benchmark and fiscal year to date they were at 8.37%. The complimentary manager on the growth side, WCM, had a nice quarter at 10.96%. Shifting to the bonds, the Aggregate Bond index for the quarter was up .8%. As of the fiscal year to date, bonds have lost 2.25%. Both managers, Richmond and JK Milne, have preserved capital for them declining less than the market. The alternative side of the portfolio continues to generate very nice returns. The PIMCO Disco fund for the quarter was at 4.2% and fiscal year 7.48%. They are still annualizing at 14.89%. On the real estate side, they are starting to see real estate temper a little but they are still comfortable with the asset. JP Morgan Strategic fund was up 1.92% on the quarter and at 4.12% fiscal year to date. The Special Situation fund was up 2.1% on the quarter and at 4.39% for the fiscal year. This is probably more of what they will see going forward. The Blackrock multi-asset income fund on the quarter was at 2.95% and fiscal year to date at 3.56%. The PIMCO Tac-Ops fund was at 3.45% for the quarter and fiscal year to date at 5.23%. This fund is also annualizing nicely at 13.58%. They finally have some life coming out of the hedge funds. The Titan hedge fund was at .5% on the quarter and fiscal year to date at 2.07%. Hedge funds in general looking at the composite index has not fared very well. March was a decent turnaround in the strategy as the market seemed to take a more definitive direction. A lot of these strategies have a momentum strategy behind them and that has been a problematic area. They have them as an asset for diversification. They do not have a quarterly number for Tortoise but fiscal year to date they are at 11.21%. Mr. Rigl asks if they are fully invested in the Tortoise fund yet. Mr. West informs that they still have some capital to call. With the recovery in the oil patch the traditional lending has started back up again. The purpose of this fund is to provide emergency funding for solid companies that aren't able to obtain a normal line of credit. As a result of that the capital calls slowed down. They are still trying to be opportunistic to maintain the return hurdles but with the recovery it is entirely possible that they may not get called 100% of the commitment. The money they have invested has done very well. He knows there is a frustration of some Board members regarding the timing of reporting from Tortoise because they were waiting for the final return for 12/31/2016. Ms. Groome informs that the only issue she had was when someone from the DROP leaves at the end of January, she needs the final rate of return for 12/31/2016 to certify their final DROP amount. Mr. West wanted the Board to be aware and eliminate any

unnecessary pressure on Ms. Groome in waiting on the final rate of return for the following year. They can't get a final number until all data is in and Tortoise has been consistently one of the worst vendors in reporting their data.

Mr. West reviews the cash flow fiscal year to date. They opened with \$340,507,367. The contributions were \$26,220,078. The distributions for benefits so far were \$23,900,000. Investment management fees as invoiced and paid by the custody bank were \$998,916. Other expenses for plan administration coming out were \$104,834. Investment earnings are broken into income where they earned \$3,958,174 and appreciation which was \$19,556,231. They closed at \$365,238,100 as of March 31st.

Mr. West goes through the asset allocation versus the target allocation. They have no recommendations at this time from an asset allocation standpoint. They continue to be appropriately overweight in the areas they need to be and appropriately underweight in the areas they have benefited from, specifically fixed income. They are within policy limits and he suggests they take no action on the asset allocation at this time.

Mr. West states that at the FPPTA June Conference they do a "morning show" which is pre-taped videos on different segments and topics. They would like to feature some success stories with regard to funding policies. He has spearheaded that committee and Pete Strong has also been involved in that effort. He is requesting that they do a short segment on the Coral Gables Funding Policy talking about the history and successes of getting the policy in place for the Board. He is asking if it is agreeable to do. Chairperson Gomez remembers that last year they gave Mr. West permission to talk about the Board and their funding policy. Mr. West agrees. That was a more lengthy disclosure about the data. They will be taping in May so his question is who would be the appropriate individual to agree to do this. Chairperson Gomez asks what exactly is Mr. West asking for them to do. Mr. West explains it would be a short taping of the summary of the successes of creating and finalizing the Funding Policy. Chairperson Gomez agrees to set something up.

9. Old Business.

Chairperson Gomez asks for Ms. Groome and Ms. Coffy to tell the Board members about the office space at the 475 building. Ms. Groome informs that their current office is in the building outside City Hall. An additional office space was offered to them at the 475 Building where the Credit Union is located. They looked at the space and she directs the Board's attention to the handout under Agenda Item 3 showing the layout of the office. Chairperson Gomez informs that the Board currently pays \$1,665.25 per quarter or \$555.00 per month or \$6,660.00 per year. He asks who would be leasing the space. Mr. Greenfield responds that the Retirement System would be leasing the space, not the City.

Ms. Groome continues. When she and Ms. Coffy looked at the space the first time, they were informed that there was an additional space that could also be used. When Chairperson Gomez went with them to view the space that an additional space was

shown and they were informed that it could be an add-on to the current space. The initial office space is approximately 546 square feet which would come out to about \$1,506.00 per month for the rent. If they use the extra space the rent would be roughly \$1,960.00 per month. They are charging \$32.00 per square foot and the square footage with the extra added space is estimated at 735 square foot. Chairperson Gomez explains that the extra space would be for a conference room. Ms. Gomez thinks that the conference area could be placed in what would be the Administrative Manager's office. She believes that space is big enough for a conference table. Ms. Groome states that her current office holds a lot of files in filing cabinets and she was thinking that they could use the extra space for the conference room and for the filing cabinets. Mr. Gueits asks what they would do with the files if they didn't have the space. Would they have to rent outside storage? Ms. Groome answers that they need the files.

Chairperson Gomez states that it is a good space and he appreciates the City making them aware of it. He believes that the current office is not appropriate working conditions. He does not feel comfortable about enough given the amount of the rent that would increase in making it his decision which is why he has brought this to the Board for discussion. He thinks that Ms. Gomez has a good point. The office is a nice size office. Mr. Gueits thinks that the \$1,900.00 a month is too expensive. Ms. Gomez states that the City would like to refurbish the building the Retirement Office is in currently. They are trying to help find reasonable accommodations for the Retirement Office. Mr. Gueits thinks the issue is any building they move into that is not City property the rent will go up. He doesn't believe it is a Class A building, it is probably a Class B building. Ms. Gomez informs that the landlord has indicated that they will do significant amount of build out. They have to let them know what the Retirement Office would need in terms of the build out. Ms. Elejabarrieta asks about the parking for the building. Ms. Groome informs that it is the same parking lot that people going to City Hall use.

Chairperson Gomez asks how the Board would like to proceed. Mr. Gold asks if a lot of the space is taken up with storage and filing cabinets. Ms. Groome answers affirmatively. Mr. Gold suggests that they look into digitizing the files. Mr. Rigl asks what Ms. Groome thinks about the size of the new offices. Ms. Coffy informs that the biggest issue now is the storage of the files. Currently the bulk of the filing cabinets are in the back of the office space she works in. However, once they move into the new office space and the filing cabinets are in Ms. Groome's part of the office, it will be an issue since they will both be working in the same office space. That is one thing she would like for the Board to take into consideration. The filing cabinets they have now are big and they have a lot of files. Ms. Gomez states that maybe they should start to look into electronic files as opposed to so many paper files. They could hire a company to come in and scan everything to put into electronic files. It seems they are spending money to have file cabinets. Chairperson Gomez agrees but this is a conversation for another discussion. Ms. Gomez informs that electronic files are perfectly acceptable. They are doing it in the Finance Department and getting rid of every single piece of paper and they have received confirmation that a file copy can be electronic even if it is a legal document. Mr. Gold

states that he would rather spend the money to get an intern and hire someone to scan the documents. Ms. Gomez agrees. Chairperson Gomez thinks he hears that the consent of the Board is to use the two rooms for the office. He thinks they also need to look at the process looking forward. He likes Mr. Gold's suggestion also. They can look into different institutions for an intern to help with scanning of files for electronic filing. Mr. Gold informs that his office is doing the same thing and he will find out what they are doing.

Mr. Rigl states that they talked last month about getting a list together of the vendors they use for the Retirement System. Chairperson Gomez informs that he and the Board Attorney discussed putting together a review of their current vendors so they are working together to get that done.

10. New Business.

Ms. Gomez informs that currently the City's organization chart has the Retirement System under the Finance Department. What they are considering for the next budget is moving it out of the Finance Department into non-departmental. They have to put it somewhere because it is part of the City's organization. Ms. Groome states that maybe it should go under the Commission since the Commission appoints the majority of the Board. Ms. Gomez states that they changed the way they do the evaluation for the Administrative Manager last year. She shouldn't necessarily be approving request for time off, the Board Chairperson or the Board should be approving that. She doesn't give direction as the Finance Director to the Administrative Manager because the Administrative Manager is under the Retirement Board. Chairperson Gomez has no objections but his only point is that the lines of communication need to approve where there is no ambiguity anywhere and that Ms. Groome, as a City employee, doesn't get caught somewhere or somehow. Ms. Gomez states that Ms. Groome is a City employee but technically she is reporting to the Board for the direction of her job. Mr. Gueits asks what the City does for other employees with Quasi-Judicial Boards. Ms. Gomez informs that there are no other employees like the Administrative Manager for the Retirement Board. Ms. Groome points out that when she retires from the City the Board will be hiring their Administrator. Ms. Gomez states that she signs off on the bills because she is the Trustee. Mr. Alvarez asks if they have to make a motion to approve the Administrator's leave time. Ms. Gomez responds that it is for anything like office hours, vacation time, leave out of the office for conferences or any type of administrative thing it should not be her because she is not directing her. Chairperson Gomez asks if there are any legal issues. Mr. Gueits states that Ms. Groome is subject to the City's Human Resources policies so there is an issue there. Chairperson Gomez is concerned about the legality of approving the leave time of a City employee. They need to get some type of clarification. Ms. Gomez doesn't feel it is her place to be approving the time off. Mr. Gueits asks what would be the effect of putting them under the umbrella of the Commission and what are their procedures with respect to vacation and time off and does it make sense for Retirement to be there or under non-departmental.

Ms. Groome informs that they are working on creating a two-page quarterly newsletter for the retirees to be sent out with their monthly benefit checks and direct deposits. The newsletter will contain information on the Retirement System. They are trying to reach out to the retirees to see if they would also like to send in information for future newsletters.

11. Public Comment.

There was no public comment.

12. Adjournment.

The next scheduled Retirement Board meeting is set for Thursday, May 11, 2017 at 8:00 a.m. at the University of Miami Newman Alumni Center, 6200 San Amaro Drive, 4th Floor Conference Room, Coral Gables, FL.

Meeting adjourned at 10:13 a.m.

APPROVED

DR. ANDY GOMEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER