

CORAL GABLES RETIREMENT SYSTEM
 RETIREMENT BOARD AGENDA
 THURSDAY, AUGUST 11, 2016
 8:00 A.M.

POLICE COMMUNITY MEETING ROOM
 2801 SALZEDO STREET – POLICE STATION BASEMENT

MEMBERS:	A	S	O	N	J	F	M	A	M	J	A	APPOINTED BY:
	15	15	15	15	16	16	16	16	16	16	16	
Andy Gomez	P	P	E	E	P	P	P	P	E	P	P	Mayor Jim Cason
James Gueits	E	P	E	P	P	P	P	E	E	E	E	Vice Mayor C. Quesada
Charles Rigl	P	P	P	P	E	P	E	P	P	P	P	Commissioner Jeanette Slesnick
Michael Gold	E	P	P	P	P	P	P	P	P	P	P	Commissioner Patricia Keon
Rene Alvarez	P	P	P	P	E	P	P	P	P	E	E	Commissioner Vince Lago
Joshua Nunez	P	P	P	E	P	P	P	P	E	P	P	Police Representative
Randy Hoff	P	P	P	P	P	P	P	P	P	P	P	Member at Large
Donald R. Hill	P	E	E	P	P	P	P	P	P	P	P	General Employees
Troy Easley	P	P	P	P	P	E	P	P	P	P	P	Fire Representative
Diana Gomez	P	P	P	P	P	P	P	P	P	P	P	Finance Director
Elsa	P	P	E	P	P	P	P	P	P	E	P	Human Resources Director
Jaramillo-Velez												
Manuel A. Garcia-Linares	P	P	P	P	P	P	P	E	E	P	E	City Manager Appointee
Jacqueline Menendez	P	P	P	P	E	P	P	P	E	E	E	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager
 Ornelisa Coffy, Retirement System Assistant
 Alan Greenfield, Board Attorney
 Dave West, The Bogdahn Group

P = Present
 E = Excused
 A = Absent

GUESTS:

Craig Leen, City Attorney

Chairperson Hoff calls the meeting to order at 8:13 a.m.

1. Roll call. All are in attendance with the exception of Diana Gomez, Rene Alvarez, Manuel A. Garcia-Linares, James Gueits and Jacqueline Mendez. All members not present have been excused. There was a quorum.
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 June 9, 2016.

- 2B. The Administrative Manager recommends approval of the Report of the Administrative Manager.
 1. For the Board's information, there was a transfer in the amount of \$2,800,000.00 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 June for the July 2016 benefit payments.

 2. For the Board's information, there was a transfer in the amount of \$5,600,000.00 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 July for the August 2016 benefit payments.

 3. For the Board's information:
 - Ernest Mitchell, Sanitation Operator I for the Public Service Department, passed away May 25, 2016. He began receiving vested rights retirement benefits on April 1, 2012 with No Option. His beneficiary will continue to receive benefits until March 31, 2017.
 - Joe King, Payroll Clerk for the Fire Department, passed away May 16, 2016. He began receiving retirement benefits on June 1, 1986 choosing Option 2 – 2/3% benefits for beneficiary. His beneficiary began receiving Post Survivor Benefits on June 1, 2016.
 - Martin Roche, Police Officer, entered the DROP on July 1, 2011 and left the DROP on June 30, 2016. He received his first retirement monthly benefit on July 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.
 - Shaffee Mohamed, Senior Buyer, entered the DROP on July 1, 2011 and left the DROP on June 30, 2016. He received his first retirement monthly benefit on July 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.
 - Carmen O'Donnell, Payroll Clerk for Police Department, entered the DROP on August 1, 2011 and left the DROP on July 31, 2016. She received her first retirement monthly benefit on August 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.

- Hancel Felton, Sanitation Operator II, entered the DROP on August 1, 2011 and left the DROP on July 31, 2016. He received his first retirement monthly benefit on August 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.
 - Jose del Valle, Police Sergeant, entered the DROP on August 1, 2011 and left the DROP on July 31, 2016. He received his first retirement monthly benefit on August 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.
 - Donald Griffiths, Firefighter, entered the DROP on February 1, 2009 and left the DROP on July 31, 2016. He received his first retirement monthly benefit on August 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.
 - John Curry, Fire Captain – Staff, entered the DROP on August 1, 2008 and left the DROP on July 31, 2016. He received his first retirement monthly benefit on August 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.
 - Rene Tastet, Police Lieutenant, entered the DROP on August 1, 2013 and left the DROP on July 4, 2016. She received her first retirement monthly benefit on August 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.
4. For the Board’s information, the following Employee Contribution check was deposited into the Retirement Fund’s SunTrust Bank account:
- Payroll ending date May 29, 2016 in the amount of \$166,651.20 was submitted for deposit on June 8, 2016.
 - Payroll ending date June 12, 2016 in the amount of \$170,025.93 was submitted for deposit on June 16, 2016.
 - Payroll ending date June 26, 2016 in the amount of \$167,171.03 was submitted for deposit on July 6, 2016.
 - Payroll ending date July 10, 2016 in the amount of \$174,584.03 was submitted for deposit on July 18, 2016.
 - Payroll ending date July 24, 2016 in the amount of \$174,699.31 was submitted for deposit on August 5, 2016.
5. Copies of the detailed expense spreadsheets for the months of June 2016 and July 2016 are attached for the Board’s information.
6. Attached for the Board’s information is a report from the GRS Death Check website showing that no death records were found from the current list of retirees’ Social Security numbers as of August 1, 2016.
7. For the Board’s information the Northern Trust Securities Lending Summary Earnings Statements for May, June and July 2016 are attached.

8. An article from Benefits Magazine entitled “Creating a Funding Policy” is attached for the Board’s information.
 9. A copy of the August 2016 FPPTA Newsletter is attached for the Board’s information.
- 2C. The Administrative Manager recommends approval for the following invoice:
1. Gabriel Roeder Smith & Company invoice #422332 for actuarial services during the month of May 2016 in the amount of \$6,132.00.
 2. Gabriel Roeder Smith & Company invoice #422716 for actuarial services during the month of June 2016 in the amount of \$10,812.00.
 3. The City of Coral Gables invoice for period ending December 31, 2015 in the amount of \$35,737.60 for expenses of the retirement system paid out of the general ledger account of the City.
 4. The City of Coral Gables invoice for period ending March 31, 2016 in the amount of \$30,765.50 for expenses of the retirement system paid out of the general ledger account of the City.
 5. The Bogdahn Group invoice no. 17326 dated June 30, 2016 for Performance Evaluation and Consulting Services from April 2016 through June 2016 in the amount of \$36,250.00. This invoice is in accordance with the contract between The Bogdahn Group and Coral Gables Retirement System signed on June 1, 2008 and in accordance with the fee increase approved by the Board and signed by the Chairperson on April 28, 2011.
 6. The City of Coral Gables invoice #301413 for the rental of City’s public facilities in the amount of \$1,479.00 (\$499.00/month) and general liability insurance in the amount of \$972.00 (\$324.00/month) for the months of July thru September 2016.
- 2D. The Administrative Manager recommends of Retirement Benefit Certifications:
- Retirement Benefits: Jose Gomez (General/Teamster).
- DROP Benefits: Tracy Bowen (General/Teamster) and Osvaldo Benitez (General/Teamster).

Mr. Rigl advises that there are some corrections to be made to the minutes from the June 9, 2016 meeting. Ms. Groome and Ms. Coffy acknowledge they will make the corrections.

A motion was made by Mr. Hill and seconded by Mr. Nunez to approve the consent agenda with amendments to the June 9, 2016 minutes. Motion unanimously approved (8-0).

3. Items from the Board attorney.

Alan Greenfield reports that the usual administrative matters have been handled during the month. He thanks Ms. Groome, Mr. West and Mr. Johnson for their efforts in completing the Tortoise investment. There were roughly 400 pages in the agreement and he received the assistance of Mr. West and Mr. Johnson to get some advice on some of the technical things in the agreement. After being satisfied that the agreement was okay they worked on getting a side letter. It was signed by the Chairperson and the Tortoise deal was completed.

Regarding, the Nyhart case, they had mediation a week ago and the attorneys of the insurance company representing Nyhart and Randell Stanley were present. Mr. Stanley was in attendance as well as the City Attorney, Craig Leen, and outside counsel, Jim Linn. They ended in a mediated settlement. They received the settlement agreement yesterday. He and Mr. Leen signed off on the settlement so the case is settled. The City will receive \$300,000.00 from the settlement and will pay the expenses of the litigation. In the end the litigation will not have cost either the Board or the City any money. There will be some amount of money left over for the City to use where they need it. It will not be a large amount of money. He submitted his bill from 2014 to the present for his work on the Nyhart case in the amount of \$4,000.00.

He and Ms. Groome have been working on a very difficult QDRO and it is something they do as an accommodation for the participant. The City of Miami Beach does not deal with QDROs. Traditionally we have always tried to help the participant by guiding them to make sure they have proper paperwork and this particular one is one of the more difficult ones we have worked on.

He reminds the Board that there will be a Florida Public Pension Association Trustee School at the end of September in Bonita Springs. If you are interested in attending please make arrangement with Ms. Groome.

A motion was made by Mr. Rigl and seconded by Mr. Easley approving Mr. Greenfield's invoice for work on the Nyhart case. Motion unanimously approved (8-0).

Diana Gomez arrives to the meeting at this time.

4. Discussion of recommendation from the Administrative Manager to approve the Service Connected Disability application of Orlando Munoz based upon the doctors' reports submitted by the applicant and the Independent Medical Evaluation addressed to the Retirement Board. Estimated monthly disability retirement benefit is \$3,772.80. If Mr. Munoz would have reached his Normal Retirement date on October 1, 2023 his estimated monthly retirement benefit would be \$2,583.28. Employee contributions to Retirement System current amount: \$29,946.00.

Ms. Groome informs that she is recommending to the Board approval of Police Officer, Orlando Munoz's, service connected disability in accordance with the Independent Medical Evaluation (IME) performed by the physician chosen by the Board. The Board physician agreed with Mr. Munoz's doctor that Mr. Munoz that he should receive disability due to his heart condition. Florida Statute 185.34 states that his injury is to be presumed accidental and suffered in the line of duty.

A motion was made by Mr. Nunez and seconded by Dr. Gomez to approve the recommendation of the Administrative Manager to approve the Service Connected Disability application for Officer Orlando Munoz. The motion was unanimously approved (9-0).

5. Discussion of recommendation from the Administrative Manager to approve the Service Connected Disability application of Steven Del Mazo based upon the doctors' reports submitted by the applicant and the Independent Medical Evaluation addressed to the Retirement Board. Estimated monthly disability retirement benefit: \$3,606.61. If Mr. Del Mazo would have reached his Normal Retirement date on February 1, 2033 his estimated monthly retirement benefit would be \$3,004.39. Employee contributions to Retirement System current amount: \$24,880.21.

Mrs. Groome explains that Officer Del Mazo was involved in a motorcycle accident while on duty as a motorcycle officer. He sustained several injuries to his wrist and has had multiple surgeries to try and repair the damage. He applied for disability because the surgeries have not worked in correcting his injury. Officer Del Mazo was sent to an independent doctor and in his Independent Medical Evaluation he agrees with the determination of the percentage of his disability rating. We tried to contact the independent doctor for more information however he is on vacation until the end of August. Since the independent doctor agreed with the impairment rating she has recommended he be approved for disability. John Baublitz, FOP President, informs that Officer Del Mazo was riding his motorcycle when the motorcycle locked up and he was propelled off of the motorcycle. Officer Del Mazo broke his wrist in several places and has had several surgeries to correct the damage. It is now recommended that his wrist be fused so the wrist will not be able to bend any longer. There is no way for Officer Del Mazo to do his job because he cannot use that hand. He cannot bend his wrist or pull the trigger or complete many of the tasks that are significant for him to properly and effectively complete his job duties.

A motion was made by Dr. Gomez and seconded by Mr. Easley to approve the recommendation of the Administrative Manager to approve the Service Connected Disability application of Officer Steven Del Mazo. The motion was unanimously approved (9-0)

6. Investment Issues.

Mr. West updates the Board on the Tortoise Fund and Mr. Greenfield accurately communicated everything that transpired. They are good to go with that fund. They had the first funding of the Northern Trust fixed-income index fund so when they rebalance that will serve as a working reserve investment so they don't have to keep pulling money out of the equity index funds. They had an internal research meeting and their lead analyst team went out to Milwaukee to review the Wells Capital fund that is currently on the watch list. The bottom line they are close to taking the manager off the watch list. They are very comfortable with what is going on in the process and consistency of the manager's ability and success of identifying the best growing companies through their process. As a growth manager that is what they have hired them to do.

Mr. West reviews the quarterly report and the July report. Everything that happened in July completely negates what happened as of June 30, 2016. He reviews the compliance and peer group standings. For the month of July they made 3.29% which puts the fiscal year to date at 7.58%. August continues July's trend. They are in good position. The system outperformed 3.29% versus the benchmark at 2.85%. They opened the month at \$338,281,160. Contributions totaled \$15,831 and distributions for the period were \$5,600,011. Management fees invoiced and paid by the custodian were \$214,751. Other expenses for administration during the month were \$5,588. Income earned was \$335,540 and the appreciation for the month was \$10,985,161. They closed the month of July at \$343,797,340.

Craig Leen arrives and is asked to address the board. Mr. Leen then begins asking Mr. Greenfield if had informed the board of the Nyhart case. Mr. Greenfield advises that he did indeed inform the board and so Mr. Leen continues on adding that the board counsel made sure that they were made whole. He adds that it was made sure that the board could speak of the matter because Mr. Stanley and Nyhart did request a non-disparagement clause but the clause doesn't prevent us from a couple of things. The clause basically says that we can discuss the history of what occurred, the case the settlement it also allows people who could reasonably be speaking for one of the parties to speak of the case. His was done to preserve the ability to speak on the matter if ever need be. Mr. Leen adds that Mr. Stanley did serve the board for many years and in his view it was a good settlement. He adds that he wanted to make the board aware of the clause. He then asks if there are any questions in regards to the settlement. None of the board members have questions. Mr. Hoff then advises Craig Leen he will receive a bill from the board attorney.

Craig Leen, City Attorney addresses the Board regarding the Nyhart settlement. Mr. Greenfield informs that the case was settled. Mr. Leen states that the Board's counsel made sure that the Retirement System was completely made whole but they also made sure they could speak about it. Mr. Stanley and Nyhart did request a non-disparagement clause but they did carve out that this clause did not prevent them from a couple of things. Basically they can describe the history of what occurred with the settlement. It also carves out that it only applies to people who can reasonably be believed to speaking for one of the parties. That could be the City Manager or himself who are speaking for the party. But in his view it doesn't apply to an individual Board member or Commissioner but to doubly preserve that they did include a clause that it does not

remove any of the legislative or speech or debate immunity. If there ever comes a time where they need to discuss the issue they preserved their ability to do so. With that being said he knows that part of the purpose of the settlement besides of the recouping a portion of the amount that was an issue was also for both sides to be able to walk away and move on. He knows that Mr. Stanley did serve this Board for many years and that was appreciated. In his view it is a good settlement and it resolves all the matters between them. He would not think there would be any disparagement. He wanted to make the Board aware of that because there was a clause in the settlement. Anything that comes from the case, one of the thoughts was for legal fees of his department this year related to the case would be part of the settlement. It should also be for Mr. Greenfield's time as related to the case. That is the information on the settlement and he is very pleased they were able to resolve it. He thanks the Board for being a part of the City regarding this matter. He thinks that helped because it was related to the pension fund. Chairperson Hoff thanks Mr. Leen.

7. Old Business.

Dr. Gomez asks about the funding policy. Ms. Groome informs that she has requested the actuary and consultant for some dates to have another Investment Committee meeting to finalize the policy. The target is for the policy to be effective beginning October 1st.

Mr. Easley comments that a few months ago Dan Givens made a presentation to the Board regarding conflicts of interest for some of the parties that are elected as representatives of the Board. In the presentation Mr. Givens spoke of investment companies that are against organized labor groups. He thinks they need to consider into looking into some of their investments and to determine if an investment company directly invests into organizations that are against labor groups. He doesn't know if it went anywhere because they did not have any follow-up after that presentation. He thinks the message was clear that this is a pension fund that is organized for people or beneficiaries that benefit directly from a defined benefit and not a defined contribution. If they are investing with money managers that are investing with companies that are against that agenda or against defined benefits it is something they should consider. Has there been any follow-up or is there any way to look into the companies that our money managers invest in? Chairperson Hoff adds that subsequent to that meeting he received a list of the worst offenders and none of the plan's primary people they deal with were on the watch list. He doesn't believe they are in direct conflict with any of their investment managers being on that list. Mr. West agrees. He addresses Mr. Easley's comments. There has been follow-up. He and Mr. Greenfield had some communication on the matter. From the investment consultant perspective the relevant managers would be the domestic equity managers. Looking down the list of managers, none are on the not preferred list. A couple of years back one of the principal founders of Eagle Capital was associated with a think tank that had put out any anti-pension piece but subsequent communications coming from that individual of the firm that individual was not responsible or directly supportive of that particular white paper that was published by the think tank. He contacted all of their domestic equity managers to find their position mostly on their proxy voting process. In every case, the investment managers who are

managing money for them as fiduciaries are trying to get the best return so they are looking through any social issues and group union labor issues into that broader basket. They typically will vote with management if they think that the proxy action is going to be beneficial to shareholders. When asked if they would consider making exceptions and channeling each of the managers said they would do that but they would need another entity to provide that list of companies. They all said they would accept direction but they would not be doing the actual research work they would have to provide some party research the names of the companies that would be prohibited. At the moment they vote for the benefit of shareholders but could work through some independent party to vote the proxy. They have to be careful because the proxy voting might have an impact on the investment return. Chairperson Hoff is satisfied as long as their current managers are not on the list. As far as the international managers, do they have any managers dealing with Cuba? Mr. West replies that the only prohibition with the foreign equity managers is the scrutinized company list put out by the FDA. Under Florida Statutes they are prohibited from investing in those scrutinized companies. The funds they are participating in may but they are set up in a way that they are covered in a statutory way in that matter. Dr. Gomez states that he is looking at it from a legal point of view and from a human rights point of view.

Chairperson Hoff asks what is going on with the Retirement assistant. Did they get the full-time line in the budget? Ms. Groome responds that she looked at the estimated budget and that position is still part-time. Dr. Gomez asks when the final budget goes through to the Commission. Ms. Gomez replies that it is on September 13th. They had the budget workshop in July and they have the budget hearings on September 13th and September 27th. In the current budget it has not converted to a full-time position. Chairperson Hoff states that basically the City is telling the Board that they don't care what the Board thinks that the City is going to do it their way. Ms. Gomez disagrees. It has to do with head count and at the present time the City has decided not to increase the head count. Changes can be made to the budget until it is adopted at the September 27th hearing. Dr. Gomez states that they justified the reasons for making it a full-time position. Mr. Rigl asks who can change it. Ms. Gomez explains that the City Manager has to make the recommendation to change the budget and then the Commission makes the final decision. She thinks there was some discussion about if an additional 11 hours is really needed versus finding other solution. It is still the City's head count. Mr. Hill asks if an alternative solution would be that the Board hire the part-time assistant as a full-time assistant and then the City doesn't have to deal with the head count. Ms. Jaramillo-Velez remembers that they had an issue with the confidentiality issue and that was the concern the first time this position was discussed by the Board. Did they make a motion as a Board to move this issue forward and bring it to the Commission? Chairperson Hoff responds that they did. Ms. Gomez comments that it was a recommendation to the City Manager for the budget. Mr. Hill explains that the concern he has is that you hire a part-time individual and how long they will continue with the job without full benefits. You are going to have someone for one or two years and they are going to leave to find something better with benefits. They may keep losing good people because those people need to take care of themselves and their families because of the

benefits. Chairperson Hoff states that it is obvious this Board has grown with responsibilities and duties and the things they do. There was a time that whenever the previous Finance Director basically did what he wanted to do and the Board met once a month to ratify his decision. They are much more active now and a much larger Board. They have justified the need for an additional responsibility that they have placed on their staff. They as a Board collectively made a decision and asked the City to do it. They made the decision as a quasi-judicial Board and now the City is basically saying they don't care what the Board thinks and they aren't going to do what the Board has asked. Ms. Gomez thinks that the idea was to look for other more efficient ways to transfer more of the calculations to somewhere else. Dr. Gomez asks if she means outsourcing. Ms. Gomez clarifies that the Board's actuary already certifies the calculations so what more could they do for the Board instead of staff doing the manual calculations to alleviate the day to day need for additional personnel. Mr. Nunez believes they already discussed that because the cost will be more for the system. Dr. Gomez asks if they could formally ask the City Manager to reconsider. Chairperson Hoff suggests that he meet with the City Manager to discuss this issue and if the wish of this Board is not carried out he would like to attend the September 13th budget to discuss it with the Commissioners. He believes the City Manager to be a reasonable person and he thinks he can be persuasive enough to explain to her the Board's position.

A motion was made by Dr. Gomez and seconded by Mr. Hill that Chairperson Hoff meet with the City Manager regarding adding a full-time line to the 2016-2017 budget. Motion unanimously approved (9-0).

Mr. Rigl asks who makes the final decision the budget manager or the City Manager. Ms. Gomez explains that the City Manager makes the recommendation of the budget to the City Commission and the City Commission finalizes the budget. Mr. Rigl states that they can speak to the Commissioners who appointed them to the Board. Chairperson Hoff agrees. He understands the reasoning for the model of efficiency but he thinks it is incumbent for the Board to decide and they have made the decision as a Board that they would like to have the position moved to full-time. Mr. Hill states that they need it. Ms. Jaramillo-Velez adds that the Board pays for the position.

8. New Business.
There was no new business.
9. Public Comment.
John Baublitz, FOP President, thanks the Board for their efforts with the work they do for the system.
10. Adjournment.

The next scheduled Retirement Board meeting is set for Thursday, September 8, 2016 at 8:00 a.m. in the Youth Center Auditorium, 405 University Drive, Coral Gables, FL.

Meeting adjourned at 9:16 a.m.

APPROVED

RANDY HOFF
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER