

1 CORAL GABLES RETIREMENT SYSTEM
2 RETIREMENT BOARD TRANSCRIPT
3 THURSDAY, OCTOBER 11, 2018, 8:05 A.M.
4 POLICE COMMUNITY MEETING ROOM
5 2801 SALZEDO STREET - POLICE STATION BASEMENT

6 Board Members Present:

7 Joshua Nunez, Acting Chairperson
8 Javier Banos Machado
9 Raquel Elejabarrieta
10 Rene Alvarez
11 Pete Chircut
12 Troy Easley
13 Manuel A. Garcia-Linares
14 Randy Hoff
15 Michael D. Gold
16 Carlos Fleites

17 City Staff and Consultants:

18 Diana Gomez, Finance Director
19 Kimberly V. Groome, Administrative Manager
20 Alan Greenfield, Esq., Board Attorney (Via Phone)
21 Dave West, AndCo Consulting
22 Ornelisa M. Coffy, Retirement System Assistant
23 Israel Reyes, Special Counsel

1 THEREUPON:

2 (The following proceedings were held.)

3 MR. NUNEZ: Good morning, everybody. We
4 can get started. It's 8:05.

5 I'm going start with the roll. Mr. Gold?

6 MR. GOLD: Here.

7 MR. NUNEZ: Mr. Garcia-Linares?

8 MR. GARCIA-LINARES: Here.

9 MR. NUNEZ: Mr. Fleites?

10 MR. FLEITES: Here.

11 MR. NUNEZ: Mr. Hoff?

12 MR. HOFF: Here.

13 MR. NUNEZ: Mr. Gueits is running late.

14 Mr. Easley?

15 MR. EASLEY: Here.

16 MR. NUNEZ: Dr. Gomez is out today.

17 Mr. Alvarez?

18 Ms. Gomez?

19 MS. GOMEZ: Here.

20 MR. NUNEZ: Ms. Elejabarrieta?

21 MS. ELEJABARRIETA: Here.

22 MR. NUNEZ: Mr. Banos?

23 MR. BANOS MACHADO: I'm right here.

24 MR. NUNEZ: Okay. We'll go straight into
25 the Consent Agenda.

1 MR. BANOS MACHADO: I'm going to pull out
2 two items, if at all possible, Mr. Chair. I'm
3 going to pull out Item D and E. The rest, I
4 have no objection.

5 I know. I'm not discussing them. I'm just
6 voting, no.

7 MR. NUNEZ: Okay. So a motion to approve
8 A, B and C?

9 MS. GOMEZ: I have a question. So you
10 don't have any discussion about it?

11 MR. BANOS MACHADO: I don't have any
12 discussion. I'm just pulling them out of my
13 Consent Agenda, because I'm not voting for
14 them.

15 MS. GOMEZ: So we'll vote for them
16 separately?

17 MR. BANOS MACHADO: Right.
18 So motion to approve 2C, a, b c.

19 MR. EASLEY: Second.
20 Wait. Did you say B -- what did you say?

21 MR. BANOS MACHADO: 2-C, a, b, c.

22 MS. GOMEZ: What about 2A and 2B?

23 MR. BANOS MACHADO: I'm sorry, I apologize,
24 2A, 2B, 2C a, b and c.

25 MR. NUNEZ: So we're pulling out basically

1 2C, d and e.

2 MR. BANOS MACHADO: Right.

3 MR. NUNEZ: So the motion is to approve
4 everything else. Is there a motion?

5 MR. HOFF: Aye.

6 MR. NUNEZ: Second.

7 All in favor?

8 (Thereupon, Board Members voted aye.)

9 MR. NUNEZ: Opposed?

10 All right. Motion passes.

11 MR. HOFF: I move to approach 2C c, d, and
12 e, the two that he pulled out, I'm motioning to
13 approve.

14 MR. NUNEZ: Discussion?

15 MR. BANOS MACHADO: Just my standing
16 objection to this process. That's all.

17 MR. NUNEZ: Okay.

18 MR. GARCIA-LINARES: To the process of --

19 MR. BANOS MACHADO: To the way we're doing
20 this. I think it's --

21 MR. HOFF: Wait. What, having a Consent
22 Agenda for certain custodial payments that
23 we --

24 MR. BANOS MACHADO: Again, I think we
25 discussed this before. And any of his

1 relationship that we have with the City, I have
2 an objection to it. I know the Board has taken
3 a different position than I. I just promised
4 that any time this was going to come forward, I
5 was going to vote, no, okay. So that's just my
6 perspective.

7 MR. GARCIA-LINARES: Okay. So it's not the
8 GRS one. It's invoices from the City of Coral
9 Gables.

10 I think there's a confusion as to whether
11 it's c, d and e or --

12 MS. GOMEZ: No. It's 2C d and e.

13 MS. GROOME: I'll start numbering them,
14 instead of putting letters.

15 MR. BANOS MACHADO: Yes, number them
16 please.

17 I don't have an issue with the GRS. I
18 think we have already approved the GRS bills.

19 MR. GARCIA-LINARES: Okay.

20 MR. NUNEZ: Any other discussion?

21 Second?

22 MR. EASLEY: Second.

23 MR. NUNEZ: All in favor?

24 (Thereupon, Board Members voted aye.)

25 MR. BANOS MACHADO: No.

1 MR. NUNEZ: Opposed?

2 MR. BANOS MACHADO: Me.

3 MR. NUNEZ: Motion passes.

4 All right. Going to Number 3, some
5 comments from -- Dr. Gomez is out today, and I
6 just wanted to catch up on what he was
7 covering. He had a meeting this past Monday
8 with the Mayor and the City Manager, and
9 there's two letters on here, the topic for
10 discussion that was submitted by the Committee
11 and the four points that were sent to the Mayor
12 and the City Manager.

13 So Dr. Gomez met with them on Monday. He
14 said the talks went very well. They discussed
15 the four points that we had mentioned in the
16 previous meetings that our Committee did, and
17 they brought up, basically, what we all have
18 said. The solution is, they need more money.
19 However they get into their -- whatever changes
20 they're going to make, these were the four that
21 were discussed and everything else is going to
22 go in their hands now.

23 So we offered the four points, elaborated
24 on them, and from Dr. Gomez's perspective, the
25 talks went well, and from here, it's in their

1 hands.

2 MR. EASLEY: Mr. Chair, just a quick
3 question. Are these in order of priority?
4 Like is the Number One recommendation --

5 MR. BANOS MACHADO: Read the sentence below
6 it. It says that they're not giving any --

7 MR. NUNEZ: That there's no preference in
8 the order, just four points.

9 MR. EASLEY: I didn't get that far. Thank
10 you. I appreciate it.

11 MR. NUNEZ: Is there any comment on it?

12 MR. HOFF: Yeah, I do. It's too little,
13 too late. I object to these. Items Number
14 Three and Four are not under the purview of
15 this Board, and I don't believe that we have
16 any right getting involved in the negotiation
17 process. Specifically, for collective
18 bargaining, I think we have a conflict of
19 interest among the people on this Board, and so
20 I object to Three and Four being included on
21 there.

22 MR. GOLD: We also have no standing
23 whatsoever. This is really just a presentation
24 to the Commission.

25 MR. HOFF: Right. Trust me, I'm not

1 surprised, but I object to it.

2 MR. BANOS MACHADO: All right.

3 MR. NUNEZ: All right.

4 MR. BANOS MACHADO: Next?

5 MR. NUNEZ: Any other comments?

6 MR. GARCIA-LINARES: Mr. Nunez, can I
7 suggest that we move on to Item 7, so that
8 Israel Reyes doesn't have to sit here for the
9 whole meeting?

10 MR. NUNEZ: Of course.

11 MR. GARCIA-LINARES: And the court reporter
12 would also --

13 MR. REYES: I think it's Item 5.

14 MR. GARCIA-LINARES: Sorry, Item 5.

15 MR. NUNEZ: Well, the thing is --

16 MR. BANOS MACHADO: Alan is not here.

17 MR. NUNEZ: Alan is running late. So we
18 have to wait for him.

19 MR. BANOS MACHADO: And is the other lady
20 here, though? Is she coming?

21 MR. REYES: No.

22 MR. GARCIA-LINARES: I tried.

23 MR. REYES: Trust me, I'd rather be here.

24 MR. NUNEZ: That was going to be the next
25 thing, but Alan is running late. He said he

1 would be here about nine o'clock. And then
2 we'll jump right into that, as soon as he gets
3 here. So Items 5 and 6, we'll hold until he
4 gets here.

5 MR. BANOS MACHADO: I mean, Mr. Chairman,
6 if it's okay with you, we can move on 6,
7 because this is just a reiteration of what they
8 have done before. In other words, all they've
9 told us is, for those extra class members that
10 had opted out, they went through the process
11 through the Commission, they're going to allow
12 those people to come in.

13 So they made a determination of whatever
14 the process is, and now we have to make a
15 decision, which, to some degree, our hands are
16 tied, and we've discussed this issue before, to
17 move it along, and then the Commission will
18 make the determination, four to five, six,
19 whatever it is, as to whether or not they're
20 going to approve the COLA.

21 MR. NUNEZ: Okay. So we'll go straight
22 into 6. I'm waiting for Number 5 until Alan
23 gets here.

24 MR. GARCIA-LINARES: Do we need Alan?

25 MR. NUNEZ: For 5.

1 MR. GARCIA-LINARES: We do need him? I
2 thought it was pretty clear from the
3 information.

4 MR. REYES: Yes.

5 MR. NUNEZ: Yeah, but we still need him.

6 MR. HOFF: Yeah, the City's Counsel is
7 telling us that we need to wait for Alan.

8 MR. REYES: Those were my instructions, but
9 I'll do whatever the Board wants me to do.

10 MR. GARCIA-LINARES: I read what was
11 submitted to me, and I think it's pretty clear
12 what --

13 MR. BANOS MACHADO: Manny, I agree with
14 you, but there's a court reporter. I don't
15 want there to be anything that -- so let's wait
16 for Alan to be here.

17 MR. GARCIA-LINARES: Okay.

18 MR. GOLD: 45 more minutes.

19 MR. BANOS MACHADO: We've got investments.

20 MR. HOFF: I'm sorry, for Item Number 6 --

21 MR. BANOS MACHADO: Right. All there's got
22 to be is a motion to approve or disapprove and
23 we move it forward.

24 MR. GOMEZ: We're required to --

25 MS. GROOME: You have to approve it --

1 MR. BANOS MACHADO: I'm sorry, I spoke
2 wrongly. There's got to be a motion to do
3 something with it, and then you guys make --

4 MR. HOFF: I move to approve it.

5 MR. NUNEZ: All right. Number 6, a motion
6 has been made to approve it.

7 MR. EASLEY: I'll second it.

8 MR. NUNEZ: There's a second.

9 Discussion?

10 All in favor?

11 (Thereupon, Board Members voted aye.)

12 MR. NUNEZ: Opposed?

13 MR. BANOS MACHADO: No.

14 MR. NUNEZ: Motion passes.

15 All right. So we'll go to Number 7,
16 Mr. David Perwak. They said he has three
17 months that his payment has been sent back, and
18 we're trying to locate him.

19 Kimberly and Lisa have made all attempts to
20 locate him and cross-referenced that he wasn't
21 deceased. So there's an approval to make a
22 stop payment for November until further --

23 MR. BANOS MACHADO: I move that we stop all
24 further payments until we have some sense that
25 he's alive, where he is, that he makes some

1 contact with us. I think stopping the payment
2 is going to --

3 MR. GOLD: Before you move, we should have
4 a discussion. What's our obligation if we're
5 holding payments? Is there a rate of return if
6 we're holding payments? If we don't find him
7 for six months, do we just owe him exactly --

8 MR. GARCIA-LINARES: Have we done an
9 address search on him?

10 MS. GROOME: We don't have the address
11 search yet.

12 MR. GARCIA-LINARES: We don't, what?

13 MS. GROOME: I know he's not deceased, and
14 we contacted all of the numbers --

15 MR. GARCIA-LINARES: Right, but there are
16 services that update addresses. Have you done
17 one of those?

18 MS. GROOME: We haven't gotten that
19 approved yet.

20 MR. GARCIA-LINARES: What do you mean,
21 "approved"?

22 MS. GROOME: The company that we use for
23 the death certificate, that check, has an
24 address locator, but we have to sign a
25 contract --

1 MS. COFFY: It has to be signed by Alan,
2 and Alan hasn't signed it yet.

3 MR. BANOS MACHADO: Can we sign it already?

4 MS. GROOME: No. Not for the locator.

5 MR. BANOS MACHADO: I'm asking. We're
6 here.

7 MR. GARCIA-LINARES: Doesn't the City have
8 like an address search contract with somebody
9 who can search --

10 MS. GROOME: I guess, because of what
11 happened with GRS, he wants to make sure that
12 there's no liabilities.

13 MR. BANOS MACHADO: Okay. It's not just
14 that his signature is missing. He hasn't
15 reviewed it yet.

16 MS. GROOME: Well, I think he's reviewed
17 it. We haven't gotten to it.

18 MR. BANOS MACHADO: All right. So my
19 suggestion, I don't think, whatever it is --
20 look, Michael, Mr. Gold, if he doesn't get a
21 payment for a month, he's going to show up.

22 MS. GROOME: It goes to direct deposit, so
23 if he doesn't get direct deposit, they contact
24 us.

25 MR. GOMEZ: It's been three months already

1 that he hasn't gotten his payments.

2 MR. GOLD: I don't understand. What
3 happens if this goes on for six months?

4 MS. GOMEZ: I think we need to know
5 legally, too, what is our obligation and at
6 what point --

7 MR. BANOS MACHADO: I mean, we're just
8 going to be holding this for his benefit.

9 MS. GROOME: But we have his COLA check
10 that came back, and he has to cash that check
11 by November 13.

12 MR. NUNEZ: Has this happened previously,
13 where you had to stop it or --

14 MS. GROOME: We actually got approval from
15 Dr. Gomez for one other one, that we haven't
16 been able to contact for like many years,
17 because he has direct deposit. Because of the
18 COLA check that they have to cash on the 13th,
19 we stopped October, and he called us and he's
20 homeless, so we had to send it to his sister
21 and he got his checks.

22 MR. NUNEZ: So that was only one month you
23 stopped it?

24 MS. GROOME: Yeah, and we were contacted
25 like three days later.

1 MR. NUNEZ: Has it happened longer than
2 that previously, that we've been in a situation
3 like --

4 MS. GROOME: It's just, because of the COLA
5 check, it has to be cashed --

6 MR. HOFF: Perwak is homeless? Is that
7 what you're saying?

8 MS. GROOME: No, another person.

9 MR. GARCIA-LINARES: Kimberly, you've
10 mailed the payment to this guy for three months
11 and all three payments have come back to the
12 City? Is that what you're saying?

13 MS. GROOME: He gets direct deposit.

14 MS. GOMEZ: His bank information has changed.

15 MR. GARCIA-LINARES: His bank is not
16 accepting the --

17 MS. GROOME: No. We're getting the direct
18 deposit notices sent back to us.

19 MS. COFFY: His statements.

20 MS. GROOME: But his money is going into
21 his bank.

22 MS. GOMEZ: Oh. Oh, he's getting the money.

23 MR. HOFF: So he is getting the money?

24 MS. GROOME: Right.

25 MR. GARCIA-LINARES: And they have not

1 confirmed that he's dead? Then I think we need
2 to continue to make the payments.

3 MR. BANOS MACHADO: I mean, honestly --

4 MS. GROOME: The only reason why I was
5 doing this is because we have a physical COLA
6 check that cannot come back. If he doesn't
7 cash it by the 13th of November --

8 MS. GOMEZ: Why can't we direct deposit
9 that check? First of all, why can't we direct
10 deposit the check?

11 MS. GROOME: Because I was told by the
12 attorney that --

13 MR. GARCIA-LINARES: Time out.

14 As to the COLA check, he's got counsel,
15 right? The COLA was a class action. He's got
16 class action counsel. Contact class action
17 counsel, say, "Where are your class members?
18 This is happening." Have them do a search.

19 MS. GROOME: Okay.

20 MR. BANOS MACHADO: That's a good idea.

21 MR. GARCIA-LINARES: The companies that do
22 class action notices have all of these services
23 to check for addresses, to do an updated
24 notice.

25 MR. BANOS MACHADO: I think, with all

1 respect to Mr. Gold, that if we go ahead and
2 hold it, one payment, for one month, it's not
3 going to have any effect. We're still going to
4 give it to him. And we'll get him to pop up.

5 MR. EASLEY: That's his counsel's problem.

6 MR. BANOS MACHADO: I'm saying, for
7 purposes of his regular payment.

8 MR. GARCIA-LINARES: But the money is going
9 into the account.

10 MS. GROOME: He's getting paid. We just
11 don't know --

12 MS. GOMEZ: We don't have a right to
13 withhold payment.

14 MR. BANOS MACHADO: My question is, we're
15 not paying him. We can withhold the payment,
16 so long as his benefits --

17 MR. CHIRCUT: I'm not sure we can.

18 MR. BANOS MACHADO: We're the
19 administrators. We can do this type of stuff.
20 So the question is, from my perspective, is it
21 just that you don't have his address or is it
22 just that he -- my question is, I don't want
23 him to be dead and we're making payments, and
24 then we're in the same situation like the other
25 ones, that, you know, he keeps on getting

1 payments --

2 MS. GROOME: Okay. His Social Security
3 number has been sent to the death check audit,
4 and it never comes back that he's deceased.
5 The only thing is, the address that we have in
6 the system is incorrect. He doesn't live at
7 that address anymore.

8 So his direct deposit notices have been
9 coming back to us for three months, but he's
10 getting his money.

11 I'll contact the class action attorney, Ron
12 Cohen, and have him search for him.

13 MS. GOMEZ: Or I'd ask counsel, can we just
14 direct deposit his COLA check? We can have a
15 record that we had his check. We make a copy
16 of it or keep a record of the direct deposit
17 and direct deposit his check into his account.
18 And I would ask counsel that.

19 MR. BANOS MACHADO: May I suggest that we
20 table the item until next meeting, for you, in
21 the meantime, to do what Manny said, which is
22 to look --

23 MS. GROOME: If we table the item for the
24 next meeting and everything gets cleared up --

25 MR. NUNEZ: Do we need a motion to do what

1 Manny said?

2 MR. BANOS MACHADO: No. That's just an
3 instruction.

4 MS. GROOME: No.

5 MR. ALVAREZ: Are we going to keep
6 depositing the money?

7 MR. NUNEZ: Yes. We're going to have his
8 counsel --

9 MR. ALVAREZ: What if the guy is sailing on
10 this sail boat across the world and he does a
11 port stop --

12 MR. BANOS MACHADO: I think his concern
13 is --

14 MR. NUNEZ: Our responsibility is to keep
15 continuing that payment. The class action, the
16 responsibility falls on their attorney. So
17 that's all set.

18 MR. BANOS MACHADO: So do you want to move
19 to Dave's item, Josh?

20 MR. NUNEZ: Yes. So we'll table it until
21 next month to take that step and contact their
22 attorney.

23 Any further discussion?

24 MR. EASLEY: When is our next meeting?

25 MR. HOFF: November the 8th.

1 MS. GROOME: We have November the 8th. If
2 we can get everything November 1st, we can do
3 the direct deposit.

4 MR. EASLEY: Thank you.

5 MR. NUNEZ: All right. So we'll just move
6 on to Number 8. Mr. West.

7 MR. WEST: All right. Good morning,
8 everyone. I have three items on my agenda
9 today. Of course, we'll go through the flash.
10 Excellent news. I've got an administrative --

11 MS. EASLEY: Did you watch the news yesterday?

12 MR. BANOS MACHADO: Okay. Stop giving us
13 the back story.

14 MR. HOFF: Right now, Dave, all I want to
15 know is September 30th.

16 MR. BANOS MACHADO: I mean, this is the
17 closest to fake news there is.

18 MR. CHIRCUT: This is really good news.

19 MR. WEST: Yes, it is really good news.

20 And, then, lastly, of course, we presented
21 a respectful request for a fee adjustment, a
22 COLA adjustment, to the AndCo agreement.

23 So let's start with the awful news first.
24 If you go through the flash, the one caveat to
25 the report is, as of this print, and I believe,

1 as of this morning, we still do not have
2 Northern Trust statements. So my team had to
3 collect all of the statements from the
4 investment managers. As you know, we're
5 tracking the manager results and manager
6 statements and we're also comparing that
7 against your custodial statements, looking for
8 discrepancies along the way. That's just one
9 of the things we do.

10 Usually the numbers are generated based on
11 the custodial statement, as the final word and
12 safekeeper of the assets, but we did not have
13 those statements available. So we had to
14 manually go through and collect the manager
15 statements to compile this report. So this is
16 preliminary. I don't expect much of a
17 deviation in this number, other than, it will
18 likely -- it is highly likely that the final
19 number will be higher.

20 I'm hoping we're going to hit the 11
21 percent handle with the number, but when the
22 other assets report, it should result in a
23 slightly higher return.

24 So jump up to Page 8, and this report
25 really gets me excited. It's so much work

1 behind the scene and collectively here as a
2 Board. It's so nice when everything comes
3 together, and when it comes together
4 consistently.

5 So we have another excellent fiscal year.
6 The total fund net estimated, we finished at
7 10.53 percent. Our three-year number lies at
8 11.27, and our five-year annualized is at 8.9.
9 Our self-imposed benchmark policy, obviously
10 our asset allocation that we're driving here,
11 we were able to exceed our passive policy
12 benchmark, and this was the contribution from
13 both active managers and from our finessing of
14 the asset allocation, the overage and
15 underallocation to the various strategies, if
16 you will.

17 Obviously, a big contributor to returns
18 this year and in past years, has been the huge
19 underweight to domestic fixed income. You
20 know, the fixed income markets, you know, we
21 finally paid the piper this year with the rate
22 rise, and the net adjustment to bonds has been
23 overwhelmingly negative across the curve there.
24 We're at our policy minimum or were at our
25 policy minimum, and had much -- investments in

1 much more productive areas, like real estate
2 and the other alternatives.

3 So excellent year.

4 If you look down to Page 9, obviously our
5 quarterly report next month will go into
6 greater detail on manager performance and
7 ranking and whatnot, but just the preliminary
8 numbers out, Eagle Capital, an excellent year.
9 It gave us almost double to the benchmark,
10 18.73.

11 MD Sass lost a little bit, again, on the
12 month. Fiscal year to date, they are actually
13 our only underperforming manager, and as
14 previously discussed, you know, we continue to
15 monitor activity at that manager very, very
16 closely, and, again, you will hear from me if
17 we need to make a change on that between
18 meetings.

19 The other active manager there, on the
20 growth side, Winslow, 31.5 versus 26. And the
21 Wells Cap AllCap strategy, 30.49 versus, again,
22 25.89 for their benchmark. So excellent
23 contribution, happily coming from the active
24 management team.

25 Of course, we do have index representation,

1 as well. The S&P 500 earned in line with the
2 market, obviously, 17.9 percent, and the 400
3 index, 14.28. So the biggest driver, the
4 biggest contributor of returns, as usual, you
5 know, was the equity allocation in the
6 portfolio.

7 Shifting over to International, a
8 challenging year for International, but RBC, a
9 triple to the benchmark, 6.78 versus 2.25, and
10 WCM, what do you call that, a quintuple, I
11 guess -- actually, that's maybe a sextuple --

12 MR. HOFF: A whole lot.

13 MR. WEST: A whole lot. 11.26, versus
14 2.25, and, of course, we also have index
15 representation, for re-balancing purposes
16 there, where the index actually earned right
17 around two percent.

18 On the bond side of the equation, as we all
19 know, negative results there. Richmond Capital
20 down a little less than the market and JK
21 Milne's returns about in line with the market
22 there. Again, minimum allocation, so we got
23 through that pretty well unscathed.

24 Shifting to Page 10, PIMCO DISCO, on the
25 year, a very nice return, 7.4 versus 2.9,

1 again, a double plus there.

2 The Real Estate, just preliminary numbers
3 here, the Strategic Property Fund, on the year,
4 annualized a little over eight percent. And
5 the Special Situation Fund just under 11
6 percent.

7 Our other alternative assets, the BlackRock
8 Multi-Asset Income Fund, a little light on
9 returns, I think. They're coming in at 2.66
10 percent versus their benchmark of 5.2.

11 Tac Opps 7.68. I'm not even going to do
12 the math on that one.

13 Titan Masters International, hedge funds
14 really, really came back this year. That whole
15 universe is working well. Titan, up there,
16 probably a little bit better than the universe
17 managers. I think we'll see when that data
18 comes out. Just under nine percent, versus the
19 hedge fund composite benchmark of 3.25 percent.

20 So almost across the board with, really,
21 just two exceptions, from an active management
22 standpoint, excellent contribution, but, again,
23 the asset allocation really had been the main
24 driver here of return.

25 So any questions on the percentage return?

1 All right. Let's transition --

2 MR. BANOS MACHADO: From an administrative
3 point, Kimberly, Diana already sent you the
4 contribution or not?

5 MR. WEST: Yeah. I'll cover that in my
6 administrative update.

7 MR. BANOS MACHADO: Okay. Because I just
8 want to make sure if we're going to do -- you
9 know, I'm assuming you're going to do some
10 re-balancing or something. So I just wanted to
11 make sure you had the money and --

12 MR. WEST: Right. That was all done, and
13 I'll cover that in my administrative update,
14 any questions. I'm trying to get all of the
15 good news out first.

16 So Page 6, let's translate percentage into
17 dollars. So if you follow with me, on the
18 bottom line there, this covers the plan cash
19 flow for the entire year. We opened up the
20 fiscal year with \$373,274,198. Obviously, lots
21 of activity during the year, that falls under
22 the Net Transfers line. This is all of the
23 re-balancings and everything that takes place.

24 The contributions made at the beginning of
25 the year, \$26,518,900. Distributions for

1 benefit payments total \$43,500. Our investment
2 management fees --

3 MR. GARCIA-LINARES: 43 million.

4 MR. WEST: I'm sorry, yes, \$43,500,000, and
5 the key takeaway point there is, obviously,
6 this plan is cash flow -- an intensive cash
7 flow user. We have a lot more money going out
8 of the system than coming into the system. So,
9 again, we're cognizant of that, and just to
10 reiterate, for everyone's benefit, you know, we
11 do have a re-balancing and ability to raise
12 funds.

13 We've got a system set up, by going to the
14 index funds, where we are not disruptive to the
15 active managers. All of those distributions
16 are coming out of the index funds and some pro
17 rata form. That way we're able to keep the
18 funds fully invested, and we're not disrupting
19 the active managers.

20 So, again, always good to take the snapshot
21 of cash flow prior to getting the actuarial
22 report or in conjunction with the actuarial
23 report.

24 Investment management fees, again, all of
25 those fees invoiced and paid by the custodian,

1 2,199,946. Other expenses, line items hitting,
2 on the custodial statement, 171,668. So, on
3 those expenses, we earned a total of 4.7
4 million dollars in income. The appreciation
5 number on the year was 37.4 million. So a
6 little over 40 million dollars, net of all
7 fees, investment management fees, goes into the
8 earnings.

9 So, even though we had more money going out
10 of the system, we were able to compensate for
11 that with the investment program, and we ended
12 up, 9/30, with \$396,197,644.

13 Any questions on cash flow?

14 MR. CHIRCUT: Dave, the 43.5 million,
15 that's not the actual expenditures that went
16 out?

17 MR. WEST: By our measurement, that would
18 be all of the benefit payments, pension benefit
19 payments.

20 MR. BANOS MACHADO: Correct.

21 MS. GROOME: Including final DROP amounts.

22 MR. WEST: Yeah, anything categorically --
23 barn door categorically for benefit payments
24 going out.

25 MS. GROOME: It's not just monthly.

1 MR. BANOS MACHADO: So you've got 46
2 million dollars --

3 MS. GROOME: It's the monthly plus all the
4 DROPs from October to September.

5 MS. GOMEZ: That's for the whole year.

6 MR. WEST: Does that address the question?

7 MR. CHIRCUT: Yes.

8 MR. WEST: Okay. So any questions on cash
9 flow?

10 MS. GROOME: It also includes expenses of
11 the office.

12 MR. WEST: Okay. That's my flash
13 summaries.

14 Now, let's go over the administrative items
15 here. We did receive the City contribution,
16 and as discussed at the last meeting, we made
17 the strategic recommendation, and the Board
18 agreed, that, at this juncture, we would begin
19 to start de-risking the allocation of the
20 portfolio.

21 The first line of business there, to do
22 that, would be to bring our domestic fixed
23 income, which at the time was a 10 percent
24 underweight to target policy, we're going to
25 bring that up closer to the target policy. So

1 that meant, really, the entire contribution
2 went into the fixed income portion of the
3 portfolio. So if we look at the asset print,
4 since that investment, we're just a little bit
5 underweight now, investment grade target, and
6 we continue the overweights to real estate,
7 that's still there, and we continued our
8 allocation completely undisrupted to the other
9 alternatives, but this brings our most
10 significant deviance, if you will, from the
11 target policy back up to the long term targets.
12 So that was taken care of. That was done.

13 The active manager contribution went to
14 Richmond 100 percent. The secondary
15 contributions went to reload the investment
16 grade index fund, again, for re-balancing
17 purposes. So that was done and taken care of
18 during the quarter. So the next quarter's
19 report will show that inclusion.

20 MS. GROOME: And we have some cash
21 payments --

22 MR. WEST: I'm sorry, yeah. Kim and I
23 calculated the necessary balances for operating
24 funds, so those were withheld for the next
25 quarter or so, for operating money.

1 MR. GOLD: Do you know what we're getting
2 paid on our cash?

3 MR. WEST: We're getting paid something
4 now. I would have to check to see what that
5 number is. There's definitely been a lag in
6 what's paid out versus the fairly rapid change
7 in the interest rate levels, but I'd be happy
8 to check and see what that is.

9 MR. BANOS MACHADO: I mean, that was going
10 to be my question, just make sure that whatever
11 we're supposed to leave there, it's as little
12 as possible, and get as much money as we can.

13 MR. WEST: Yeah. As I stated earlier,
14 that's the objective here, and that's the
15 purpose behind the re-balancing mechanism.

16 Okay. One more administrative item. The
17 PIMCO DISCO, we were under the impression that
18 the redemption that we received was going to be
19 a full fund redemption. I was mistaken in
20 that. It was a partial redemption on a
21 prescribed schedule.

22 As we discussed, our intent to increase the
23 overall quality of the system, while that money
24 was invested and that also went into the fixed
25 income investments, in part, I'd like to

1 suggest that we continue with the expectation
2 that the fund was going to be redeemed and that
3 we submit -- we dollar cost average out of that
4 fund. So we would submit, over the next
5 three-quarters, additional redemption requests.
6 It takes one quarter to get into the queue to
7 get out. So we would be giving a one-quarter
8 lead time, and, then, we'll receive the
9 redemption the following quarter.

10 So I'd like to recommend that we continue
11 with the idea that we thought we were getting
12 full redemption. So I'd like to suggest that
13 we submit quarterly redemptions and dollar cost
14 average out of that particular investment.

15 MR. HOFF: What percentage are we getting
16 at the time?

17 MR. WEST: I believe that was roughly 25
18 percent. So that leaves us with 75 percent of
19 the original investment. So, I think, if we
20 split that between two or three more quarters,
21 let's say, three more quarters, we'll have
22 dollar cost averaged out a very nice gain, at,
23 I think, a pretty timely moment.

24 MS. GROOME: There's still 11 million --

25 MR. HOFF: Yeah. That's what I was just

1 looking at.

2 MR. WEST: I've spoken with the folks at
3 PIMCO and they've provided the necessary
4 documentation and confirmation of what we need
5 to do to make a redemption.

6 MR. HOFF: Do you need a motion to do it?

7 MS. GROOME: Okay.

8 MR. HOFF: I'll move it.

9 MR. EASLEY: Second.

10 MR. NUNEZ: We have a second.

11 Any discussion?

12 All in favor?

13 (Thereupon, Board Members voted aye.)

14 MR. NUNEZ: Opposed?

15 Motion passes.

16 MR. WEST: All right. So we'll go ahead
17 and get that done and those were the
18 administrative items that I had.

19 Anything else?

20 MS. GROOME: Your memo.

21 MR. WEST: Oh, that was my third featured
22 item.

23 All right. So on behalf of my colleagues,
24 we're respectfully requesting your
25 consideration and an adjustment to our

1 contract. The second page of the memorandum
2 gets to the bottom line. We're requesting,
3 basically, a one time six-percent inflation
4 adjustment.

5 It's been my complete honor and privilege
6 to have worked for this Board going back to May
7 of 2008, a rather untimely engagement, just
8 before the crash, but it's been really huge for
9 me working with this Board, and it gives me
10 great comfort, and, like I said, I get excited
11 about the report.

12 I highlighted, on the first page, the
13 achievements of the fund, at least through June
14 30th, because that was our last full report.

15 MR. HOFF: Are you referring to a memo that
16 we should have gotten?

17 MS. GROOME: It was sent to --

18 MR. BANOS MACHADO: We got it in the
19 e-mail.

20 Mr. Chair, on that item, if I may.

21 MS. GROOME: It was with the investments.
22 There were two attachments.

23 MR. BANOS MACHADO: What is recommended, we
24 have an Investment Committee for that type of
25 arrangement, that that should be referred to

1 the Investment Committee to determine whether
2 or not -- Dave has been doing a great job, at
3 least from my perspective, but, you know, I
4 think that's the proper way to handle it, with
5 regard to any modifications in the contract,
6 and that needs to be taken up with Alan
7 afterwards, but I'll entertain if anybody else
8 wants to do something different, but that's the
9 way it should go.

10 MR. HOFF: I'll respectfully disagree.

11 MR. EASLEY: So would I, only because the
12 Investment Committee brings everything back to
13 this Board, generally, anyways, for a larger
14 vote.

15 MR. HOFF: I'll second it.

16 MS. GOMEZ: I have a question. What does
17 the contract say? Is it allowable, per the
18 contract? Like was it a set fee for a certain
19 amount of time or is it negotiable? What does
20 it say in the contract?

21 MS. GROOME: When they first came on in
22 '08, I think the only other time there was a
23 raise, was that they got an increase in 2010.

24 MR. WEST: Yeah. I referenced the --

25 MS. GROOME: And the Board has done that in

1 the past.

2 MS. GOMEZ: But the agreement doesn't say
3 that it's a set rate for "X" number of years?

4 MR. WEST: Yeah. So to address that
5 question, our last addendum was May 2nd of
6 2011. And so the way we view this and came to
7 this fee, we're basically looking seven years
8 back, and we're providing a three-year
9 guarantee going forward. So this is -- the
10 soft way is, this is a 10-year look. So we're
11 just seeking to do a one time six-percent cost
12 of living adjustment, if you will, to cover our
13 increased expenses, as well.

14 So I don't want to consider it -- I mean,
15 you can consider it a merit increase, but, from
16 our perspective, it's really just to get caught
17 up with the inflation.

18 MR. BANOS MACHADO: Mr. Chair, if I could
19 respond to Mr. Hoff. The only reason I say
20 that is because I don't have enough
21 information. You've been here for a long time,
22 or some of you, with regard to Dave. I know
23 Dave from before, for other reasons, but my
24 perspective is, if we're going to make this as
25 a collective, to give the raise, and he may

1 very well deserve it, it would behoove us all
2 to go out there and figure out what all of the
3 managers are charging and determine what their
4 performance is, versus his, and whether or not
5 our gains are a byproduct of active management
6 or, as an alternative, it's just a product of
7 the market.

8 So I'm not saying that he doesn't deserve
9 it. That's not my message at all. I think
10 that if we're going to make a decision as a
11 collective, it should be done with all of the
12 information, but the Board is welcome to
13 disagree with me.

14 MS. GOMEZ: If I may. I mean, I
15 respectfully disagree. I'll make a motion to
16 approve.

17 MR. EASLEY: I'll second it.

18 MR. HOFF: I'll second.

19 MR. NUNEZ: Any further discussion?

20 MR. HOFF: I have one other question.

21 MR. CHIRCUT: Mr. Chair -- Dave, what
22 you're saying is that for the next three years,
23 you are not going to come back to this Board
24 and ask for a raise?

25 MR. WEST: Yes. Correct. And given our

1 history, we're not constantly, you know,
2 seeking fees.

3 MS. GOMEZ: It's not locking us into a
4 contract with him for the next three years.
5 It's just saying that if we were to choose to
6 continue services with you, we will have that
7 in there.

8 MR. WEST: Correct. You can terminate the
9 standing agreement. You can terminate our
10 services at any time.

11 MR. NUNEZ: All right. Mr. Hoff.

12 MR. HOFF: Two things. You indicated what
13 the market value or the plan market value was
14 as of June 2011. Do you recall what the
15 market -- what our plan value was in 2008, when
16 you took over?

17 MR. WEST: I don't recall. I can pull that
18 number.

19 MR. HOFF: If I recall, it was 100 and --

20 MS. GROOME: It was less than 200.

21 MR. EASLEY: 170 something.

22 MR. WEST: Yeah, I believe it was one and
23 three-quarter --

24 MS. GROOME: No, I think it was 168.

25 MR. HOFF: Again, I'm doing that for a

1 reason, look at the whole value that you had
2 over the years.

3 And, Number Two, even though I seconded
4 it --

5 MR. GOLD: I think we're talking about less
6 than \$9,000, just to be clear.

7 MS. ELEJABARRIETA: 7,000.

8 MR. BANOS MACHADO: Mr. Chair, just call the
9 vote.

10 MR. HOFF: I still haven't finished my comment.

11 MR. CHIRCUT: But I'm looking at the rate
12 of return for the last seven years as 10.69
13 percent. You're looking at the overall basis.

14 MR. NUNEZ: All right. Continue.

15 MR. HOFF: Having said that, and seconded
16 it, and I intend to vote for it, I want to be
17 perfectly clear, I've been an advocate of doing
18 RFPs for all of our service providers. And
19 that's not saying that we don't want to go out
20 for an RFP for the services that you're
21 providing. Now I'm done.

22 MS. GOMEZ: Okay. We're in a schedule.
23 It's not locking us in for three years. If
24 they're on schedule for next year, we're going
25 to do an RFP next year.

1 MR. NUNEZ: Any further discussion?

2 All in favor?

3 (Thereupon, Board Members voted aye.)

4 MR. NUNEZ: Opposed?

5 MR. BANOS MACHADO: No.

6 MR. NUNEZ: All right. Motion passes.

7 MR. WEST: On behalf of my colleagues,
8 thank you very much, and I appreciate the
9 opportunity to work for this Board.

10 MR. EASLEY: You've done good for us.

11 MR. WEST: Thank you.

12 MR. NUNEZ: All right. Moving on to Old
13 Business? Any Old Business? Any Old Business
14 to discuss?

15 MR. BANOS MACHADO: I think we've given
16 Alan enough time.

17 MR. HOFF: A few meetings ago, I brought up
18 an issue, where one of our members missed an
19 opportunity to buy his time in his fifth year.
20 He would like to come to the Board and make a
21 plea. So I'm going to ask that you put that --
22 even though it's going to be New Business, it
23 still was brought up before. So if you'll put
24 that on next month's agenda and I'll let him
25 know to be here.

1 MS. ELEJABARIETA: The Ordinance is clear
2 that you have to buy your time within the five
3 years. I don't know how he can come and appeal
4 that.

5 MR. BANOS MACHADO: As administrators, we
6 can't really modify the administrative
7 document.

8 MR. HOFF: I understand that, but he has
9 asked to appear before the Board, and so I'm
10 asking for it to be put on the agenda to
11 discuss it.

12 MR. BANOS MACHADO: Okay. We got in
13 trouble for that.

14 MS. GROOME: Well, he might have to file a
15 claim, and I have the claim, where there's like
16 actually a procedure that we have to follow.

17 MR. BANOS MACHADO: I think it's time for
18 the hearing.

19 MS. GROOME: I just got a text from Alan.
20 He's still on 95. This was at 8:45. He's
21 still on 95, almost stopped, near 79 Street.
22 Accident on 62nd. Should move okay after that
23 until they get to US-1.

24 MR. BANOS MACHADO: May as well tell him to
25 just go back home.

1 MS. ELEJABARIETA: Can he participate via
2 phone, just to make sure that procedurally we
3 are conducting the hearing --

4 MS. GOMEZ: Let's do the New Business
5 first, right?

6 MR. BANOS MACHADO: Oh, there's New
7 Business? I'm sorry, I thought that was it.

8 MR. NUNEZ: Any New Business?

9 Well, like I said, we're going to be having
10 the Open House on October 19th, this Friday,
11 from 9:00 to 11:00, for our new office -- it's
12 next Friday, October 19th, 9:00 to 11:00. So,
13 thankfully, everything is going well in the
14 office and everybody is happy over there.

15 MR. GARCIA-LINARES: Do we have a
16 conference room there so we can have our
17 meetings there or no?

18 MS. GROOME: Not this meeting. The
19 Investment Committee meeting. It's too small
20 for this group. You'd be on top of each other.
21 We don't have that many chairs. We have enough
22 for the Investment Committee.

23 MR. BANOS MACHADO: I mean, how big of a
24 space is it?

25 MS. GROOME: It's big enough for the

1 Investment Committee.

2 MR. HOFF: It's probably the size of this
3 table.

4 MS. GROOME: Yeah, this table.

5 MR. GARCIA-LINARES: I think that will
6 solve your problem with the way we pay the
7 City.

8 MR. BANOS MACHADO: I'll always have a
9 problem, Manny. Don't worry about it. I'll
10 find something else.

11 MR. HOFF: Oh, I'm sure.

12 MR. EASLEY: So I want to echo what was
13 said earlier, in regards to Number 3 and 4 of
14 the letter that was generated to the City and
15 to the Commission, in particular. I just don't
16 want us to get wrapped up in the political
17 arena of negotiations, and what was stated
18 about the 175 and 185.

19 It really is a negotiated item, and I do
20 appreciate your efforts and other's efforts of
21 coming up with suggestions and stuff.
22 Something like that is a -- even if you took
23 everything off the table for Number 3 and
24 donated it as a contribution, you're really
25 throwing a penny into a 500-gallon pond of, you

1 know, what you need to fill up.

2 So I just think that we should be very
3 carefully in how we thread going forward
4 regarding getting into the political scene with
5 our suggestions and recommendations. That's my
6 own feedback on those.

7 MR. BANOS MACHADO: Why do you think that
8 is?

9 MR. EASLEY: Because a lot of the
10 politicians are going to be, well, look, they
11 got this, this and that, and they shouldn't
12 have that.

13 Now, I requested a letter being sent out
14 through Kim, that you all should have received,
15 and I know it pays particular focus on
16 firefighters, but -- and without getting too
17 indepth, basically some of -- especially, the
18 175, 185 is a benefit that's been defined to
19 offset certain costs and certain things that
20 have been negotiated with the City in the past.

21 I just don't want somebody out there
22 commenting on a final platform, saying, "Yeah,
23 look what they get. They shouldn't get that."

24 MR. BANOS MACHADO: Just to respond to
25 Randy and you, I don't think that's a problem

1 at all. Look, we are involved -- we, as
2 administrators of the plan, but we're also
3 members of the citizenry, okay. We are
4 probably the most knowledgeable among -- at
5 least that I know of, among the electorate,
6 that can give an opinion as to what pensions
7 are. So I have no problem. We're in a
8 political body. This is a body politic, to get
9 involved, to have discussions, to have ideas,
10 to have exchanges, to give opinions.

11 Whether it comes from us, the official
12 nature of coming from the great Board of
13 Retirement, or from anybody else, it doesn't --
14 on the contrary, it says that we, as a group,
15 have an opinion or have a suggestion, and that
16 it should be looked at, because part of the
17 problem is, we need advocacy. This plan needs
18 advocacy.

19 Okay. Now, you may disagree with the type
20 of advocacy that I put forward, okay, and
21 you're free to do that, and that is part of the
22 exchange of ideas that makes our government
23 system better. So I respectfully, to the two
24 of you, because this issue has been brought up
25 at the last meeting, "Oh, we shouldn't talk

1 about it. It's not our problem."

2 On the contrary, it is our problem. We're
3 deep into this, okay, and we should do
4 everything humanly possible to raise as many
5 flags and let them know the plan is underfunded
6 and that we need as much money as possible and
7 from whatever source it is, even if it does
8 affect the collective bargaining. The
9 collective bargaining, yes, it's a private
10 issue between the employees and the City, but
11 we are the citizenry. You know, we are the
12 ones being reserved. We are the ones who are a
13 part of this. This is a public institution.
14 It should be something that we put forward and
15 it should be political, absolutely.

16 So I don't see why -- I mean, I don't see
17 why the reservation. I don't understand it.

18 MR. EASLEY: Because I don't think that our
19 Board has enough working knowledge or history
20 of understanding, and I'll choose Number 3, as
21 an example.

22 MR. BANOS MACHADO: As opposed to, what?

23 MR. EASLEY: As opposed to what the City
24 knows about the 175 and 185. Ms. Gomez
25 probably knows about the 175 and 185, but there

1 are some people that don't understand it, and
2 what they do, unfortunately, is they'll -- I'm
3 fine with 1 and 2, you know, 4, I don't know,
4 that's something that they have to do --

5 MR. BANOS MACHADO: I don't think it's a
6 point where we're going to agree.

7 MR. EASLEY: Here is the thing that I'm
8 saying, is that I think we're being treated as
9 an entire body moving forward with this, and I
10 do appreciate that we're offering suggestions,
11 I think it's great, but when you start getting
12 into the little nuances of something, that, as
13 I said, dropping a penny in a 500-gallon pond,
14 it's something that has a history, 99-1 and
15 other things that have been brought forward
16 from years past, going back 20 years, I think
17 that's something that we shouldn't offer a
18 suggestion on, which is an understanding that
19 the City knows about and the collective
20 bargaining groups do know about.

21 MR. BANOS MACHADO: But the collective
22 bargaining groups have given their perspective,
23 right? They have given their views as to what
24 they think should or should not happen, and you
25 will have that opportunity.

1 So if you're advocating, and you have very
2 loudly said, 3 and 4, we don't want it, we
3 don't agree with it, you know, that is your
4 advocacy. It's your right to do that.

5 Why is it not our?

6 MR. HOFF: Number One, this is not a
7 discussion that should be occurring in the
8 Retirement Board, because we're governed by
9 Chapter 50. 175, 185 has nothing to do with
10 Chapter 50. Those are the things that we get
11 involved in.

12 MR. BANOS MACHADO: But we can take money
13 from that.

14 MR. HOFF: It's my turn.

15 To be perfectly clear, I'm a recipient of
16 the benefits of the City, but I also live here.
17 Troy lives here. So anything that we look at,
18 we're looking at solely as the fiduciary
19 responsibility to this Board. I still maintain
20 that as long as we have two members of the
21 City's bargaining team sitting in this room,
22 any discussion that we have is a violation.

23 MR. BANOS MACHADO: Of what? Of
24 negotiations?

25 MR. HOFF: Okay. I'm going to strongly

1 suggest that we end this discussion right now,
2 because we have no room to talk about it. Troy
3 and I have voiced our objections. Let it go
4 forward and be done with it. You can't take
5 the letter back, so move on.

6 MS. GOMEZ: Just, in general, I think
7 that -- whether I agree or disagree whether the
8 item should be on this memo, particularly, is
9 not my point, but in other cities, 175 and 185
10 monies are used to fund the pension. So it's
11 not necessarily -- to go towards contributions
12 to the pension. So it's not necessarily
13 something that's not thought of, in terms of
14 what funds the pension.

15 So since it's a letter to the City, who is
16 the one who is trying to fund the pension, I
17 think it's not appropriate.

18 MR. EASLEY: Take a look at the letter that
19 I sent out. I bet you half of these folks
20 don't know --

21 MS. GOMEZ: Right. I have the benefit that
22 I know all of the other factors. So I get it.
23 The point is, it's not inappropriate to be on
24 this letter, because, in fact, it is a valid
25 funding source that is used by many different

1 cities, but I don't think we should be making
2 the decision.

3 MR. EASLEY: There's only 13 in the
4 State --

5 MS. GOMEZ: This Board doesn't make a
6 decision what funding should happen, you know,
7 but --

8 MR. GARCIA-LINARES: Look, the letter has
9 gone out. That's over with. But let's be
10 clear, that if we go back to our minutes
11 throughout history, there are times that this
12 Board has tried to discuss issues that deal
13 with -- that the City believe deals with
14 collective bargaining and we have been scolded,
15 and this is prior to people that are a part of
16 collective bargaining being on this Board now,
17 that the City has come back to us and said,
18 "You guys can't touch that topic or this
19 topic."

20 So I think that what Randy is saying is
21 true. I think we should just let this be.
22 Let's move on. The letter has gone out. No
23 one was recommending one item over another. It
24 was just ideas of how the plan can be funded,
25 and let's just move on from there.

1 MR. NUNEZ: We'll leave it at that. The
2 objection has been noted.

3 MR. CHIRCUT: I mean, I know I brought this
4 up in the last meeting, about, what is the
5 effect and the long-term lump sum liability to
6 the City, if we even close the General
7 Employees. And at that time, it was actually
8 negligible. But, of course, I just saw it.
9 It's here.

10 I believe that Number 4 really shouldn't
11 even be here as a discussion. It's not even --
12 if we're looking at reducing the liability of
13 the pension, that's not even an issue.

14 MS. GROOME: I was at the meeting that we
15 had with the Mayor and the City Manager, and
16 the closing of the plan is not even a
17 consideration.

18 MR. EASLEY: It's just going to increase
19 the unfunded over time.

20 MS. GROOME: Pretty much, the Mayor said,
21 "Why would we do that?"

22 MR. GARCIA-LINARES: Where is Mr.
23 Greenfield?

24 (Thereupon, Alan Greenfield, Esq. appeared
25 telephonically)

1 MR. GREENFIELD: I am here. It's difficult
2 for me to hear everything that's going on.

3 MR. NUNEZ: We'll do our best, Alan.
4 So we're going to move to Number 5.

5 MR. GREENFIELD: I'm the past 62nd Street.
6 I'm almost Downtown now.

7 MR. GARCIA-LINARES: Alan, we're moving
8 forward with you on the telephone.

9 MR. GREENFIELD: Okay. I'm here.

10 MR. HOFF: Do we have to call a special --

11 MS. GROOME: No.

12 MR. GARCIA-LINARES: Let's just ask Alan.

13 MR. NUNEZ: All right. So you want to get
14 started, Alan, in regards to Ms. Maggie Ruiz?

15 MR. GREENFIELD: Yes.

16 Good morning, all. I apologize for
17 inconveniencing anyone. I have been on the
18 road since before seven o'clock, and I'm not
19 quite at Downtown Miami yet.

20 In any event, I apologize to Mr. Reyes, if
21 he's there --

22 MR. REYES: I'm here. No problem.

23 MR. GREENFIELD: -- because I know his time
24 is valuable and I appreciate him being there.

25 Ms. Ruiz had been an employee of the City

1 for approximately 10 years, and she retired in
2 about 2016. She, unfortunately, did some
3 things that were improper, and she admitted to
4 her impropriety. She was arrested, and entered
5 into a plea agreement, and I have the plea
6 agreement to present to the Board.

7 Pursuant to Chapter 112 of the Florida
8 Statutes, her crime that she pled to was one of
9 moral turpitude, theft from the City, which
10 occurred during her employment with the City,
11 and under Chapter 112, this subjects her to the
12 forfeiture of any retirement benefits.

13 She accepted responsibility, and in the
14 plea agreement, said that she was guilty and
15 that she would repay the City some \$85,000,
16 which the City had shown she had taken from the
17 City.

18 I spoke with her attorney. Her attorney
19 was cooperative, and we prepared a waiver, that
20 Ms. Ruiz determined that she did not want to
21 contest the rights of the City to have her
22 retirement benefits forfeited. In fact, she,
23 in her statement, which is attached to the plea
24 agreement, indicated that her payments from the
25 City would stop. She didn't know at what

1 point.

2 I recommend to the City, that based upon
3 her having pled guilty, that her retirement
4 benefits be forfeited. Mr. Ruiz had a right to
5 appear this morning. We duly noticed her for
6 her appearance, providing a copy to her
7 attorney, as well. Ms. Ruiz waived her right
8 to a hearing, waived her right to appear, and
9 does not contest the action of the Board in
10 regards to this issue.

11 Based upon all of that, it is my
12 recommendation that the retirement benefits of
13 Ms. Ruiz be terminated.

14 I should also call to the Board's attention
15 that under the Statute, she is entitled to a
16 refund of any unpaid contributions that she has
17 made into the plan.

18 The Chairman has prepared a schedule of her
19 unpaid contributions. It's my suggestion to
20 the Board that she not receive those unpaid
21 contributions, and that, instead, those unpaid
22 contributions be held, to the best of the City,
23 and that the City should take whatever action
24 is necessary in order to get the money
25 transferred from the Board, from the Retirement

1 Fund, to the City.

2 I don't believe that we have the right to
3 take her money and give it to the City, but I
4 suggest we hold it until the City appropriately
5 makes the arrangements to have the money
6 transferred.

7 Are there any questions?

8 MR. HOFF: I'm sorry, you're saying that we
9 should -- never mind. I answered my own
10 question -- not return it --

11 MR. BANOS MACHADO: We hold it, okay.

12 MR. HOFF: Until the City has the
13 opportunity to -- should we put a time on that?
14 Do we have any obligation?

15 MS. GOMEZ: For the record, she is in a
16 payment plan. It's like \$100 a month. I did
17 receive her first check a couple of days ago,
18 and we deposited it, and we put it into an
19 account. We're setting up a receivable
20 account.

21 MR. BANOS MACHADO: She has restitution.

22 MR. GARCIA-LINARES: Right. So the idea is
23 going to be, the City will do whatever the City
24 needs to do to seek these funds as part of the
25 restitution. I'm assuming Mr. Reyes would do

1 that.

2 MS. GOMEZ: Miriam will decide how, but
3 Miriam had mentioned to me that once this
4 process is done, that's when she'll start --
5 this hearing that has to happen on the
6 Pension --

7 MR. BANOS MACHADO: The City will
8 graciously treat it as part of our contribution
9 to the plan, excess contribution to the plan,
10 and we don't have to give you anything.

11 MR. HOFF: I think, for the first time
12 ever, I agree with Mr. Banos.

13 MR. BANOS MACHADO: Wow. Finally.

14 MR. EASLEY: I'll second that.

15 MR. HOFF: Duly noted.

16 MR. NUNEZ: Mr. Reyes?

17 MR. GREENFIELD: Before you take a vote, I
18 would like to put into the record a copy of the
19 plea agreement and the financial statement
20 attached to it, and a copy of the waiver of the
21 right to a meeting, as well as a notice of the
22 meeting. So we would have those three exhibits
23 to put into evidence.

24 MR. NUNEZ: All right. Sounds good.

25 Mr. Reyes?

1 MR. REYES: I'm here to give you any
2 factual background as to the underlying facts,
3 if you want to hear them, as to how this all
4 came about.

5 MR. BANOS MACHADO: Just quickly.

6 MR. REYES: Sure. So what happened is that
7 Ms. Ruiz, as you all know, worked in the
8 Finance Department -- by the way, Israel Reyes,
9 from The Reyes Law Firm, P.A., Police Legal
10 Advisor for Coral Gables Police and Special
11 Counsel to the City. I'm sorry.

12 She worked in the Finance Department, and
13 she was in charge of processing billing and
14 payments and collecting the fees for the City
15 in relation to the alarm program.

16 From December 5th of 2014 through July 18th
17 of 2016, according to the statement of facts
18 that was filed in support of the arrest warrant
19 by Detective Christiansen of the Coral Gables
20 Police Department, she diverted those checks to
21 her personal account. The total was
22 \$85,253.65, during this 20-month period.

23 She was charged -- she was arrested and
24 charged with grand theft second degree, scheme
25 to defraud in the first degree and false

1 entries into the books and records of a
2 corporation, and that third count came from the
3 false information she would put in the City's
4 records to cover up what she was doing.

5 She was charged. The case was filed by the
6 State Attorney's Office. And through a series
7 of meetings and negotiations with her defense
8 counsel, she entered into a plea agreement,
9 that is part of the record now, and also signed
10 a very lengthy allocution. For those of you
11 that are not familiar with the way pleas are
12 taken in the Criminal Justice System here in
13 Florida, usually the Defendant who is pleading
14 to a case will agree, under oath, that they do
15 not contest the facts as alleged in the
16 information.

17 But what we did is, we drafted a complete
18 allocution, which she signed, you know,
19 literally admitting to everything and also
20 agreeing not to contest any other non-criminal
21 action taken by the City, including any type of
22 Civil Case filed or anything like this, like
23 this Board has, in addition to the other terms.

24 I think it's important to note, for the
25 record, that as part of her sentence, she is

1 going to spend 90 days in the Dade County Jail,
2 serve that time on weekends, followed up by two
3 years of community control, which, in essence,
4 is house arrest, followed by 15 years of
5 reporting probation, and, of course, she will
6 have to pay back, as part of her restitution,
7 the monies that she stole from the City of
8 Coral Gables.

9 All that was done in open court. It was
10 ratified by the Judge. There is no issue
11 whatsoever with any of the factual
12 underpinnings of this tragic situation, and I'm
13 here to answer any other questions you may
14 have.

15 MR. BANOS MACHADO: Mr. Reyes, with regard
16 to the suggestion of Alan that you take
17 whatever proper steps to regain the pay back of
18 the contribution, is it something that you
19 would go back to her and get her to consent to
20 it as part of her situation agreement or is it
21 that you're going to file legal action in order
22 to do it -- you don't know? Okay.

23 MR. REYES: It's (C), I don't know, because
24 I don't know how this area of the law works. I
25 have no expertise in this area of the law. I

1 will take this back to Miriam Ramos. I will
2 tell her what the situation in. It would help
3 me if I knew the amount, so we can discuss it
4 with Miriam.

5 MS. GROOME: I would have to send that to
6 you.

7 MR. REYES: You can send it to Miriam and
8 just copy me, if you can.

9 MR. BANOS MACHADO: It's like 30 grand or
10 something like that.

11 MS. GROOME: Yeah, but you deduct how much
12 she's been paid already --

13 MR. BANOS MACHADO: But she started drawing
14 it in like 2016?

15 MS. GROOME: No.

16 MR. BANOS MACHADO: When did she retire?

17 MR. GREENFIELD: August of '16.

18 MR. BANOS MACHADO: So it's going to be
19 around 30 grand, to give you a ballpark.

20 MR. REYES: That's it. That's all I have.

21 May I address Mr. Greenfield?

22 MR. GARCIA-LINARES: Yes.

23 MR. REYES: Mr. Greenfield, did you make,
24 as part of your packet of documents that you're
25 submitting to the Board, the sworn proffer?

1 MR. HOFF: Yes.

2 MR. GREENFIELD: Yes.

3 MR. REYES: Okay. Perfect. So I don't
4 need to go over that. It speaks for itself.

5 MR. GARCIA-LINARES: I move to approve that
6 we accept the exhibits into evidence, that we
7 accept the forfeiture of the funds, and that we
8 hold any amounts in the retirement fund until
9 such time as the City has time to recover those
10 funds against the forfeiture.

11 MR. BANOS MACHADO: Just one question on
12 your motion, Manny. Is it to accept the
13 forfeiture or to execute the forfeiture? I
14 don't think she's not giving that to us. We
15 have to go ahead and forfeit the amount. I
16 just want to make sure that --

17 MR. GARCIA-LINARES: I think we have to
18 accept -- I think we have to accept the fact
19 that she has agreed not to be here and she has
20 accepted the fact that her funds will be
21 forfeited, and, therefore, we will forfeit the
22 funds and hold the amounts -- forfeit any
23 future payment, right?

24 MS. GOMEZ: Right, her benefits.

25 MR. GARCIA-LINARES: Her benefits are

1 forfeited. We're accepting that.

2 MR. BANOS MACHADO: And, then, I think, if
3 I may suggest an amendment to your motion, that
4 we will hold her contributions --

5 MR. GARCIA-LINARES: Right, we'll hold any
6 amounts that are in the fund until such time as
7 the City has an opportunity to take action on
8 those funds.

9 MR. BANOS MACHADO: I'm sorry, I didn't
10 hear that part.

11 I second it.

12 MR. NUNEZ: We have a motion and a second.
13 Any further discussion?

14 All in favor?

15 (Thereupon, Board Members voted aye.)

16 MR. NUNEZ: Opposed?

17 Motion passes. Thank you, Mr. Reyes. I
18 appreciate you waiting your time.

19 MR. REYES: No problem. It's nice seeing
20 all of you.

21 MR. GREENFIELD: Thank you very much,
22 Israel.

23 MR. NUNEZ: Thank you, Alan.

24 We have one more issue for discussion,
25 under Old Business.

1 MR. HOFF: I just want to bring up, I met
2 with Kim, I met with Lisa, and I've gotten a
3 few e-mails from Alan on the overdue
4 payments -- whatever you want to call them --
5 the issue of the potential fraud. I'm going to
6 meet with our Economic Crimes Unit and
7 hopefully by the next meeting I'll have an
8 update for you. I think there was like six
9 cases.

10 MS. COFFY: Six.

11 MR. HOFF: Hopefully I'll have it updated.
12 I just wanted to let you know that I did get
13 the information from them.

14 MR. BANOS MACHADO: Randy, just make calls.
15 We'll get paid really quick. Start making
16 calls, "This is the Coral Gables Police
17 Department."

18 MR. HOFF: I give Kim and Alan and Lisa
19 credit. They've done a lot of background on
20 this, that will make it easier. Now we just
21 have to convince the different jurisdictions
22 that -- it's like internet fraud. When you
23 start crossing jurisdictional lines, you start
24 having significant issues with everybody
25 wanting to pass the buck to somebody else, but

1 we're going to work on it.

2 Motion to adjourn.

3 MS. GOMEZ: Second.

4 MR. NUNEZ: All right. Meeting is
5 adjourned. Next meeting is November 8th.

6 (Thereupon, the hearing was concluded at
7 9:20 a.m.)

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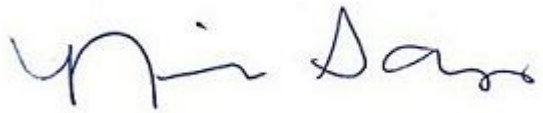
STATE OF FLORIDA:

SS.

COUNTY OF MIAMI-DADE:

I, NIEVES SANCHEZ, Court Reporter, and a Notary Public for the State of Florida at Large, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

DATED this 1st day of November, 2018.



NIEVES SANCHEZ