

CORAL GABLES RETIREMENT SYSTEM
Minutes of January 17, 2019
Police Community Meeting Room
2801 Salzedo Street – Police Station Basement
8:00 a.m.

MEMBERS:	D	J	F	M	A	M	J	S	O	N	J	APPOINTED BY:
	17	18	18	18	18	18	18	18	18	18	19	
Andy Gomez	P	P	P	P	P	P	P	P	E	P	P	Mayor Raul Valdes-Fauli
James Gueits	P	P	P	P	E	P	P	P	E	P	P	Vice Mayor C. Quesada
Javier Baños	P	P	P	P	P	P	P	P	P	P	P	Commissioner Michael Mena
Michael Gold	P	E	P	P	E	E	P	P	P	P	P	Commissioner Patricia Keon
Rene Alvarez	P	E	E	P	E	P	E	P	P	P	P	Commissioner Vince Lago
Joshua Nunez	E	P	P	P	P	P	P	P	P	P	P	Police Representative
Randy Hoff	-	-	P	P	E	P	P	P	P	P	P	Member at Large
Vacant	-	-	-	-	-	-	-	-	-	-	-	General Employees
Troy Easley	E	P	P	P	P	P	E	P	P	P	P	Fire Representative
Diana Gomez	P	P	P	P	P	P	P	P	P	P	P	Finance Director
Raquel Elejabarrieta	P	P	P	P	P	P	P	P	P	P	P	Labor Relations and Risk Management
Manuel A. Garcia-Linares	P	P	P	P	P	P	P	P	P	P	P	City Manager Appointee
Pete Chircut	P	E	P	P	P	P	P	P	P	P	P	City Manager Appointee

STAFF:

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

P = Present
E = Excused
A = Absent

The Board meeting was called to order at 8:08 a.m.

1. Roll call.

All members are in attendance except for Mr. Gueits who is running late. Chairperson Gomez informs that this meeting Joshua Nunez, the Vice Chairperson, will now be taking the position as the Board Chairperson. He also adds that Carlos Fleites stepped down from running for his position on the Board. Ms. Groome explains that there was an election to replace Mr. Fleites and someone was elected. However, the person elected received a promotion and was moved to an excluded position and are no longer able to represent General Teamsters on the Board. There is currently an ongoing election and the position should be filled by the next Board meeting. Mr. Easley ran unopposed for his seat and is back as the Fire Representative for the Board.

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 November 8, 2018.
- 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 \$3,400,000.00 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 November 2018 for the December 2018 benefit payments.
 2. For the Board's information, there was a transfer in the amount of \$3,500,000.00 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 December 2018 for the January 2019 benefit payments.
 3. For the Board's information:
 - Michael Chickillo, Firefighter, entered the DROP on December 1, 2010 and left the DROP on November 30, 2018. He received his first retirement monthly benefit on December 1, 2018 and was not affected by the IRS 415(b) limits for the 2018 year.
 - Tony Jedlinski, Fire Captain – Staff, entered the DROP on January 1, 2011 and left the DROP on December 31, 2018. He received his first retirement monthly benefit on January 1, 2019 and was not affected by the IRS 415(b) limits for the 2019 year.
 - Walter Foeman, City Clerk, entered the DROP on April 1, 2014 and left the DROP on December 31, 2018. He received his first retirement monthly benefit on January 1, 2019 and was not affected by the IRS 415(b) limits for the 2019 year.
 4. For the Board's information, the following Employee Contribution checks were deposited into the Retirement Fund's SunTrust Bank account:
 - Payroll ending date October 14, 2018 in the amount of \$182,314.19 was submitted for deposit on October 23, 2018.
 - Payroll ending date October 28, 2018 in the amount of \$178,552.51 was submitted for deposit on November 6, 2018.
 - Payroll ending date November 11, 2018 in the amount of \$176,734.74 was submitted for deposit on December 18, 2018.
 - Payroll ending date November 25, 2018 in the amount of \$192,899.22 was

submitted for deposit on December 18, 2018.

- Payroll ending December 9, 2018 in the amount of \$178,248.70 was submitted for deposit on December 18, 2018.
- Payroll ending date December 23, 2018 in the amount of \$177,935.73 was submitted for deposit on December 28, 2018.
- Payroll ending date January 6, 2019 in the amount of \$193,688.88 was submitted for deposit on January 11, 2019.

5. Copy of detailed expense spreadsheets for the months of November and December 2018 are attached for the Board's information.
6. Attached for the Board's information is a report from the Berwyn Group showing that no death records were found from the current list of retirees' Social Security numbers as of January 8, 2019.
7. For the Board's information the Northern Trust class actions report for the 4th quarter of 2018 is attached.

2C. The Administrative Manager recommends approval for the following invoices:

1. Gabriel Roeder Smith invoice #442699 dated November 11, 2018 for actuarial consulting services during the month of October 2018 in the amount of \$6,912.00.
2. AndCo invoice #27870 dated December 28, 2018 for consulting services and performance evaluation for October to December 2018 in the amount of \$36,250.00.
3. The City of Coral Gables invoice for July 1, 2018 to September 30, 2018 in the amount of \$35,273.78 for expenses of the retirement system paid out of the general ledger account of the City.
4. GRS invoice #444350 dated January 1, 2019 for actuarial consulting services during the months of November and December 2018 in the amount of \$8,952.00.

2D. The Administrative Manager recommends approval of the following Retirement Benefit Certifications:

1. DROP Benefits: Emilio Rubido (Police) and Francis Collado (General/Teamster).
2. Retirement Benefits: Chester Oms, Jr. (General/Teamster).

Chairperson Gomez brings attention to the Consent Agenda. Mr. Banos asks to remove 2C3 from the Consent Agenda.

A motion was made by Mr. Hoff and seconded by Mr. Banos to approve all items on the Consent Agenda except 2C3. Motion unanimously passes (11-0).

A motion is made by Mr. Hoff and seconded by Ms. Gomez to approve Consent Agenda Item 2C3. The motion is approved (10-1) with Mr. Banos dissenting.

3. Comments from the Retirement Board Chairperson.

Chairperson Gomez begins by saying that he would like to humbly say it has been an honor to be Chairperson for the Retirement Board. He believes that there are lots of things that need to be done in terms of advancements. He has learned that there are dangers in bureaucracy and this is definitely a bureaucracy. The danger in bureaucracy is sometimes accepting little growth or no growth at all. It is easy to become complacent and to let things go the way they are without challenge. There are still some challenges that the Retirement Board faces. He had a meeting with the Mayor and City Manager discussing moving forward and funding the pension. He adds that there is an election coming up and he doubts any major changes will be done before the election.

Chairperson reminds the Board that a few months back he had communications with a consultant to come in and look at how procedures are currently ran in the Retirement Office. This is not necessarily indicative to personnel in the Retirement Office but as discussed with Ms. Groome and the City Managers, the system that the City uses currently is going to be changed. The Retirement Office is to be incorporated in this new system but it will take some time. He has spoken with both Ms. Groome and Ms. Coffy and has created a short list of items that need improvement. The first item on the list is the Retirement Office. It is still doing manual calculations. Given today's technology, that should not be the case. Number two on the list is, the current system does not automatically generate 1099s tax filing documents for all retiree groups. Number three, no website portal integration and online retirement tools for current employees. Number four, a lack of digitized retiree and beneficiary files. Number five, general notices to employees on future pension data is inaccurate and should be based on pensionable wage computations. Number six, there is a nonexistent standard operating procedures manual. If something was to happen to Ms. Groome, the pension office would be in trouble, especially the retirees. That is not acceptable and they have to find a way to work together to improve the system. Through his discussions with other cities he was made aware that they are operating in the 20th century and this plan is operating in the 18th century. The Board has the fiduciary responsibility to serve the employees and retirees.

Ms. Gomez states that the City is moving towards a new system and the system will be able to be used by the Retirement Office however it is not a pension system. The pension system needs to find a software that is for pension systems. She recommends that the Board look into what pension system applications that will be able to work along with or talk to the City system instead of relying on the City's software system to do something that it is not meant to do. Chairperson Gomez informs that he spoke with a consultant on the matter and he would like to make it clear that the consultant did this for free at no cost. The consultant came up with a number of recommendations and when asked for the cost it was well over \$80,000 to \$100,000 dollars and that is another issue that the retirement system will have to face. If the system is to be improved, the Board will have to make this type of investment. Ms. Groome comments that

on the payment side the custody bank is able to do payment to retirees. They can do payment to vendors and also generate 1099s as well as payroll. Most retirement systems use their custody bank for payment to retirees and vendors. Mr. Garcia-Linares asks why they Board has not done that. Ms. Groome responds that she has mentioned it to the Board in the past and none of the Board members were ever interested.

Mr. Banos comments that many of the third-party pension administrators use software. Perhaps they can contact a few of them and see if they would advise what software they use. They know the systems and will share the information. It would not be a bad idea to hire them just for the process of updating the Retirement System. He finds it difficult to expect Ms. Groome to run the system and also participate in the upgrading of the software for the Retirement Office. However, if Ms. Groome has any suggestions of what she would do or what she would need and put a budget together he doesn't think the Board in any shape or form would be against her lead on that. He definitely believes that Ms. Groome should not be doing things by hand or on Excel. She should definitely have a software that she should punch in and it generates what she would need. He tells Ms. Groome to look into what direction she would like to go and he would like to hear her suggestions at the next Board meeting. Ms. Gomez recommends that an RFP is done to see what company can give us the best solution at the best value. Dr. Gomez suggests that Ms. Groome and Ms. Coffy come up with a list of items that is needed to upgrade the retirement system before an RFP is formulated. Mr. Nunez recommends looking into having software designed specifically for the Retirement System because this could be something that may be cheaper. Ms. Gomez points out that it is going to be expensive.

Mr. Gueits arrives at this time.

Mr. Garcia- Linares states that Ms. Groome has been living under this system for a long time and she is use to this system. She doesn't know everything that is out there because she has been living under this system. He thinks the Board should formally hire a consultant to come in and evaluate and give a recommendation. Chairperson Gomez advises that the consultant he has been in direct contact with has created a report after meeting with Ms. Groome and Ms. Coffy. He did not share the report because of the cost. If they can have this individual come to a meeting and speak to the Board about what she has found. Mr. Baños adds that there is no telling how many \$80,000 of dollars are being given away because of error. The retirement system needs to be modernized. Chairperson Gomez agrees. Mr. Nunez recommends to have Ms. Groome and Ms. Coffy do their own research to find a consultant and then be able to speak with a consultant so that nothing is missed. Chairperson Gomez advises that the consultant he is speaking about sat down with Ms. Groome and Ms. Coffy to go over the operation part. Mr. Garcia-Linares asks if this person that Chairperson Gomez has been meeting with specialize in pensions. Chairperson Gomez responds that they do not specialize in pensions but has a Human Resource background. That is the reservations he and Ms. Groome have with this particular consultant. He adds that this person did sit down with Ms. Groome and Ms. Coffy and generated a proposal but he did not share it with the Board due to costs in the proposal. He informs that he will share it with the Board at the next board meeting so that all of the trustees will have the ability to read the proposal.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Alvarez to have the consultant present her proposal at the next Board meeting and to have both the Pension Administrator and Assistant Pension Administrator find consultants that specialize in pension to verify if such a person even exists so that at the next meeting a decision can be made on how to move forward. Motion unanimously passes (12-0).

Chairperson Gomez thanks Mr. Garcia-Linares for his time as the interim attorney to the Retirement Board. He adds that Mr. Garcia-Linares' law firm was going through a huge merger and that did not interrupt the service he provided to the Board. The City Manager reinstated Mr. Garcia-Linares back on the Board so he is back today as a member. More importantly, Mr. Greenfield is back as the Attorney for the Retirement Board. Chairperson Gomez asks Mr. Garcia-Linares to provide a brief synopsis of his interim report.

Mr. Garcia-Linares explains at the last meeting the Board wanted to pursue those persons who owed the Retirement Board money. He sent out letters to then find out that Mr. Greenfield also had sent out letters and some of those persons were responding to Mr. Greenfield. Due to that he did not further his pursuance on those people. Mr. Greenfield is to go forward with filling lawsuits on those individuals. There is one person that is to be discussed that individual is David Perwak. He owes about \$2,900.00 to the Retirement System. Mr. Perwak was also a member of the COLA class action and as a member of the class he was entitled to receive \$5,394. Mr. Perwak passed away never cashing the check he received from the COLA. Because he did not cash the check, he waived the ability to receive the \$5,394. He believes they should not pursue Mr. Perwak for the \$2,900 since he did not receive the \$5,300 from the COLA settlement; however the decision is up to the Board. He believes that the Retirement System is at a plus and he would not pursue. Ms. Gomez states that technically, although it may sound cold and harsh, he forfeited the \$5,300 and so those monies are not owed to him. To offset them is giving him money that does not belong to him. It is not his money he has too much money of ours. She thinks they need to get back the \$2,900. Mr. Baños agrees. Are there any assets out there or is an Estate open? They lose nothing by going out and trying to collect the \$2,900 and if no money is able to be recouped then wash the debt clean. Mr. Garcia-Linares adds that if he was representing the Estate of Mr. Perwak he could come up with reasons why Mr. Perwak was unable to cash his check. If they appear in Court and say that the gentleman was ill or incapacitated and unable to physically cash the check he believes that would be opening a Pandora's Box as to what may happen with other people who have not cash their COLA checks. Mr. Baños recommends filing a claim in probate and then just moving forward. How did this overpayment issue occur? Ms. Groome informs that he is the gentleman that the Retirement Office requested the Board to place a stop payment on because we were unable to locate him and the Board disagreed. He passed away and was listed on the report the Office receives from the Berwyn Group.

A motion was made by Ms. Gomez and seconded by Mr. Chircut that the Board Attorney reviews the probate cases in Massachusetts to see if there is any probate open for Mr. Perwak. Motion unanimously approved (12-0).

Mr. Garcia-Linares asks if Ms. Ruiz received her money. Ms. Groome replies negatively. Mr. Garcia-Linares asks why and Ms. Groome replies that she received an email from the City Attorney stating that they would handle it. Mr. Garcia-Linares advises that Ms. Ruiz needs to get her contributions returned to her by the Retirement System. The City will pursue her separately.

4. Items from the Board Attorney.

a. Transition Plan

Mr. Banos states that at the last Board meeting he was under his impression that there was going to be a Transitional Plan in which Mr. Greenfield will be retiring from the Board due to his health. He sees there must be some type of acquiescence notion and that Mr. Greenfield has been reinstated as the Board Attorney. He doesn't want to anyway, shape or form disrespect the many years of service that Mr. Greenfield has served as the Retirement Board Attorney but he thinks for issues that he does not want to get into there is a moment where it must be decided if this is something that the Board will continue.

Chairperson Gomez advises that he and Mr. Greenfield began speaking in late December in regards to a Transition Plan. Moving forward they talked and it was decided that sometime later this year in August the Board will issue an RFP and begin the process of change. He asks for Mr. Greenfield to address the Transition Plan.

Mr. Greenfield thanks the Board for all the assistance that was given to him at the time when he needed assistance. He understands and recognizes that there comes a time in life when circumstances arise. He has been a part of the Retirement System since he was 35 years old which is almost half of the 63 years he has of practice. He is happy that during those years he was successful in not having any lawsuit against any Board members or the Board. There were lawsuits but most of them brought money into the Retirement System. He thinks they have had a fine relationship and unfortunately he came down with the disease back in 2016. He was operated on in 2017 and made a very fast recovery and the disease, being as serious as it is, showed up again. He was operated on again and the disease is somewhat different and it is in a different places. He is slowly recovering from all of it. He is currently in physical therapy and he intends to beat the disease. The reality is that he is slowing down but he has tried to groom his son Chris. He believes that he can properly represent Board. He believes that he is still an asset to the Board and hopefully have Chris carry-on where he would be a consultant to him. The Retirement Board has never paid for a Retirement Attorney because the City has always provided a specialized Retirement Attorney when needed. He would like to remain the Board Attorney until he reaches the age of 90. At that time he would like for the Board to evaluate and determine whether they would like an RFP. He would like to continue on as a Consultant to the Retirement Board in some manner shape or form. He found an article about a large firm in New York that has an attorney working for them who is 106 years old. He goes into the office daily just consulting with them. They felt his knowledge from the past was valuable.

Mr. Greenfield states that he is so grateful to have been able to be a part of the Retirement System. He has no offense at all with how Mr. Javier Banos feels. Mr. Baños is an attorney and in time will be in a position where he will get older and his clients will have to make the same decision. He thanks Mr. Garcia-Linares for filling in for the past two months. He began to feel better during his leave and immediately began to work because he wanted to. He hopes that he has not said anything over the year that has upset the Board. He is continuing to work on matters with Ms. Groome. The word transition is a very difficult word for him because a matter of less than a week before he went to a funeral and the Rabbi said don't think of her as being dead she is merely transitioning. So when Chairperson Gomez said he was transitioning it made him feel strange. If he transitions into anything he would like to transition as a Consultant to the board.

Chairperson Gomez comments that he can only speak for himself and cannot speak for the other Board members but he not only sees Mr. Greenfield as the Retirement Board Attorney but also as a personal friend. Due to the Sunshine Laws there are many things that cannot be discussed behind the scenes, unfortunately, but what they have on the table and what Mr. Greenfield has presented is to wait until August and then from there reevaluate and do an RFP for the attorney position. Mr. Greenfield recognizes that the Board has the ability and the right at any time to revisit his relationship and the fact that he is making this proposal does not mean that Board is bound to this agreement. The fact that he is giving his idea does not mean that the Board loses control over what action it would like to move in.

Mr. Hoff feels that when Mr. Greenfield is ready to step down he should be allowed to step down but his only issue is that to begin an RFP in August could cause some issue as it would take time to complete the full RFP process. He suggests starting the RFP process and if Chris would like to submit for the RFP he should. Mr. Banos comments that he has an issue with August. He would like to support Mr. Hoff's idea and begin the RFP for the Board Attorney. He believes that retaining Mr. Greenfield as a consultant to the Board is something that the Retirement Board will need to do and will have to do. Mr. Greenfield informs that he would be happy to work with staff and Board members to create an RFP for an attorney. He understands there is fiduciary responsibility to serve the retirees and the system. Mr. Garcia-Linares comments that in his two months of being the interim attorney he doesn't see why a specialized Retirement Attorney is needed for the position. Whenever there has been a change in the ordinance the City has gone to its Retirement Attorney. The issues that have come to this Board have always been issues that a general good attorney would be able to handle. Mr. Banos recommends that the Investment Committee create an RFP for an attorney. He would like for the process to begin now just as Mr. Hoff stated. Mr. Greenfield adds that a pension specialist attorney generally represents a labor union and the boards are not similar to the Coral Gables Retirement System. They fight amongst themselves. Even on the Retirement Board he sits on their attorney represents a labor union. The pension work is actually done by the City in conjunction with the Unions. He has made it clear that he does not want to be a part of a Board where he will be an advocate for the City or the Union.

A motion was made by Mr. Hoff and seconded by Mr. Banos for staff to initiate the process for a RVP for the Board Attorney. Motion unanimously approved (12-0).

Ms. Gomez points out that in compliance with Procurement Code, Mr. Greenfield should not participate in the creation of the RFP for the attorney position because his son may be participating. She adds that perhaps Mr. Garcia-Linares would be able to review the RFP. Mr. Banos believes that Mr. Garcia-Linares may also be applying and so he too would not be able to review the RFP. Chairperson Gomez appoints Mr. Banos, Mr. Gueits, Mr. Hoff, Ms. Gomez and himself to review and finalize the RFP.

b. Miscellaneous issues

Chairperson Gomez asks for Mr. Nunez to give a synopsis of the Investment Committee meeting in January. Mr. Nunez reports that there was an overview on the manager MD Sass and Mr. West brought forward four contenders for that investment space. The committee reduced the candidates to two, DFAS and Brandywine. They will be contacted by Mr. West so that they can come in and present their investments to the Board. Mr. Gold adds that Global investments were something that the committee was looking into because currently many of the current investments are winding down. The Committee came up with one of the three that was presented and that was IFM and would like for them to present to the Board. It is a presentation for understanding and whether a decision to do it or not would be up to the Board.

Ms. Groome advises that the first motion the board needs to make is in regards to MDSass. The committee recommended to terminate MD Sass and the Board needs to vote.

A motion was made by Mr. Gueits and seconded by Mr. Hoff to terminate MDSass. Motion unanimously approved (12-0).

Ms. Groome continues that there was a motion recommended to the Board to do a mid-cap value search to diversify current holdings in the mid-cap space. Mr. West explains that there was a desire to have AndCo do a search looking at value managers potentially for some of the index funds. Mr. Garcia-Linares asks Mr. West if he would recommend this. Mr. West responds that it is definitely something that AndCo can do. Mr. Garcia-Linares asks if Mr. West would recommend it. Mr. West answers affirmatively. He would feel very comfortable recommending this. He recommends doing a manager search and review the opportunity. At that time if the Board wants to migrate he would not recommend the entire index but make an evaluation for a portion of the funds.

Mr. West continues. There was also a recommendation to add an additional manager to handle the actual transition when it takes place. There has been a lot of change in the marketplace and they would prefer a transition manager which the Board has used in the past. He would like to recommend introducing another transition manager to handle this particular one and he will be requesting all of the related information and necessary information before. The transition is to take place as normal business. This is not a fire sale.

A motion was made by Mr. Gueits and seconded by Mr. Hoff to hire an additional manager to handle the actual transition when it takes place. Motion unanimously approved (12-0).

5. Investment Issues.

Mr. West reports on the investments. Through December, the market sold off a total of 20%. It was a pretty rapid decline. Fast forward to January, they have already recovered 7% of approximately 8% of the decline. The total fund net for the quarter was negative 4.52%. The fiscal year is now at negative 8.6%. This puts them several steps behind the starting block for the fiscal year. The three-year number dropped down to an annualized 6.73%. The five-year number is 5.81%. They have received no help from the active equity managers. Unfortunately, that was one of the items that pushed the decision for the MD Sass termination. Their downsized performance hoped to be better but that did not happen so MD Sass ended up being the worst performing manager. The international equity was pretty close to its benchmark. On fixed income side they have been used to seeing negative returns. Bonds actually appreciated and the bond fund is up 1.6%. Richmond Capital was at 1.49% and JK Milne was at up 1.31%. Year-over-year the bond returns went from negative to positive so they provided somewhat of an offset. The other areas of the bond market, which did not fare well their benchmark, were down 5%. The PIMCO DISCO fund was flat on the month and on the quarter. Their usual property fund, which is the Strategic Property fund and the Special Situations fund continued to clip off and they are very overweight with real estate now. The other assets are the Black Rock Multi-Asset Income fund which was at negative 2.51%. The PIMCO TAC OPS was negative 0.65%. The hedge fund index was at negative 1.14%. Looking at the total system decline of 8.6% he knows confidently compared to other systems there were 10% declines. In his mind this speaks well to the asset allocation. He believes the asset allocation has been working out pretty well for the fund. That's the ugly picture. There is disappointment obviously because there was no contribution from the active equity.

Mr. West refreshes the Board on what has been a very active recent history in regards to the funding and rebalancing. They received the City's lump sum contribution and at that time their recommendation remains the same. Their objective is to slowly increase the quality of the portfolio and they want to get the bond allocation from the extreme underweight closer to the policy target. This is an intermediate term looking at the radar screen objective. He wants to maintain the objective and that does not mean that they shouldn't be taking opportunities to adjust the portfolio when they arise. Their first opportunity was with the November market sell off and they did complete the rebalancing. They had the second market decline in December and that brought the market down to the below 20% or the 20% correction level and as a result they missed the first 10% decline from an allocation standpoint. Now they are presented with another opportunity to dollar cost average in again. As of December 31st they were underweight in domestic equity by 2.5%. He recommends rebalancing the portfolio at 2% so that would be \$7 million. The recommendation is to sell \$7 million of the Northern Trust Aggregate Bond Index fund and buy \$7 million of the Northern Trust S&P 500 Index fund.

A motion was made by Mr. Baños and seconded by Mr. Garcia-Linares to sell \$7 million of the Northern Trust Aggregate Bond Index fund and buy \$7 million of the Northern Trust S&P 500 Index fund.

Discussion:

Mr. Gold asks why it is the Board's decision to do the reallocation of funds and why is it that the consultant cannot make the decision on his own. Mr. Easley asks if there is a maximum threshold that could be set so that Mr. West does not have to wait until it Board meeting to allocate funds. Mr. Baños responds that it gives him no oversight and the Board is also available via conference call if Mr. West is ever in the position to make an immediate allocation of funds. Ms. Groome informs that the Board has done that in the past. Mr. West adds that they contractually do not have the discretion in their business model and since the Board meets monthly it is a reasonable timing of action.

Motion unanimously approved (12-0).

Mr. West discusses the infrastructure space. They recognize the need of significant overweight in the real estate space and they need to go back down to policy targets. They need an alternative place for those monies. The low interest rate environment for fixed income at the moment is still not a very attractive alternative so they went out and are looking for stable income oriented ways to get that same type of return that they have been getting in their real estate funds. Going down the infrastructure patch is a very different investment than real estate. He reviews the private infrastructure report. They presented a very short list of infrastructure managers that they believe would be very suitable for this type of program. The primary benefits of infrastructure are driven by cash flow for infrastructure. It is a very high quality cash flow and there is a small element of total return they were looking for investments. The cash flow generation is steady through an economic cycle and so this investment should be less susceptible to recessions. There is some inflation protection. Stylistically there are different approaches that are very similar to the hard asset real estate. There is core conservative and core unestablished cash flows in this industry. The favored terms are Brownfield and Greenfield investments. As the name implied, Brownfield is very mature cash cow and a very steady income investments. Greenville would be ground up or in the development process. There are two ways they can invest in infrastructure. They can go with open-end funds or closing funds. You can also participate in publicly traded infrastructure funds just like real estate. They are not recommending that because they are essentially buying publicly traded stock and they are focused on hard assets just as they were with real estate. They wanted to focus on liquidity.

Mr. West informs that the three managers they came up with would be the best fit for this space were IFM, Brookfield and JP Morgan. Out of the three managers, IFM came up as the most suitable and he recommends they come in and make a presentation to the Board. They are an Australian-based firm. The firm is actually owned by Australian-based pensions systems so they would be investing along with like-minded people. The Committee's recommendation and his recommendation were to bring IFM to the Board meeting in March. Mr. Garcia-Linares

asks if there will be an issue with the funding policy or getting an agreement with them. Mr. West responds that the contract would need to be reviewed for compliance. Mr. Garcia-Linares suggests that Mr. West begin the process early on so that if they are unable to do business with them we can find out early on. Mr. West advises that he does not anticipate the problem. Ms. Groome asks Mr. West if he is able to obtain the contract before the manager is scheduled to visit for presentation. Mr. West responds that he will do so and will provide Mr. Greenfield with the contract.

6. Election of a Chairman for the Retirement Board [Retirement Ordinance Section 50-88(a)].

A motion was made by Dr. Gomez and seconded by Mr. Banos to elect Joshua Nunez as Chairperson. Motion unanimously approved (12-0).

7. Election of a Vice-Chairman for the Retirement Board [Retirement Ordinance Section 50-88(b)].

A motion was made by Mr. Hoff and seconded by Mr. Easley to elect Michael Gold as Vice-Chairperson. Motion unanimously approved (12-0).

8. Election of Investment Committee members [Retirement Ordinance Section 46-129]. The members of the Investment Committee shall be the Trustee, a Commission-appointment Retirement Board member, two participant Retirement Board members and three other Retirement Board members selected by the Retirement Board. The chairperson of the investment committee shall be elected by a majority of the investment committee members. The 2018 Investment Committee members are Joshua Nunez, James Gueits, Troy Easley, Michael Gold and Javier Banos.

A motion was made by Dr. Mr. Garcia-Linares and seconded by Mr. Alvarez to elect the following members to the Investment Committee: Joshua Nunez, James Gueits, Troy Easley, Michael Gold, Javier Banos and Pete Chircut. Motion unanimously approved (12-0).

9. Old Business.
There was no old business.

10. New Business.

The Board is advised of the Board and Committees Appreciation Reception will be held on Thursday, February 28, 2019 at the Coral Gables Country Club, 997 North Greenway Drive, from 6:00 p.m. to 9:00 p.m.

The February 14, 2019 regularly scheduled Retirement Board meeting was rescheduled to February 21, 2019.

11. Public Comment.

There was no public comment.

12. Adjournment.

Meeting adjourned at 10:01 a.m.

APPROVED

JOSHUA NUNEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER