

CORAL GABLES RETIREMENT SYSTEM
Minutes of September 10, 2020
Virtual Meeting
8:00 a.m.

MEMBERS:	J	A	S	O	N	J	F	M	J	A	S	APPOINTED BY:
	19	19	19	19	19	20	20	20	20	20	20	
Andy Gomez	P	P	E	E	P	P	E	P	P	P	E	Mayor Raul Valdes-Fauli
Rene Alvarez	P	E	P	P	E	P	P	E	P	P	P	Vice Mayor Vince Lago
Alex Mantecon	-	E	P	P	P	P	P	P	E	P	P	Commissioner Jorge L. Fors, Jr.
James Gueits	P	P	P	P	P	P	P	P	P	P	P	Commissioner Michael Mena
Michael Gold	P	P	P	P	P	P	P	P	P	P	P	Commissioner Patricia Keon
Joshua Nunez	P	P	P	P	E	P	P	P	P	P	P	Police Representative
Christopher Challenger	-	-	-	-	-	P	P	P	P	P	P	Member at Large
Marangely Vazquez	-	-	-	-	-	-	P	P	P	E	P	General Employees
Troy Easley	P	P	E	P	P	P	P	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
Carter Sox	-	E	P	P	E	P	P	E	E	P	E	City Manager Appointee
Pete Chircut	P	P	P	P	P	P	P	P	P	P	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager
Manuel Garcia-Linares, Day Pitney LLC
Dave West, AndCo Consulting

P = Present
E = Excused
A = Absent

GUESTS:

Yolanda Menegazzo, LagomHR
Jason Fox, Oliver & Fox, PA
Steven Ellinport, CGPD

1. Roll call.
Chairperson Nunez calls the meeting to order at 8:04 a.m. There was a quorum. Dr. Gomez and Ms. Cox were excused.
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 August 13, 2020.
- 2B. The Administrative Manager recommends approval of the following invoice:
 - 1. Gabriel Roeder Smith & Company invoice #456772 dated August 13, 2020 in the amount of \$2,006.78 for June and July 2020 actuarial services.

A motion to approve the Consent Agenda was made by Ms. Gomez and seconded by Mr. Easley. Motion unanimously passed (11-0).

- 3. Update from the Board Attorney.
Mr. Garcia-Linares reports that he has reviewed the Investment Policy Statement and he has informed Mr. West that it is fine. That is part of what he did this month and with that they can move forward to Agenda Item 4.
- 4. Discussion of recommendation from the Administrative Manager to approve the Service Connected Disability application of Steven Ellinport based upon the doctors' reports submitted by the applicant and the Independent Medical Evaluation addressed to the Retirement Board. Estimated monthly disability retirement benefit is \$9,679.12. Mr. Ellinport was eligible to retire on June 1, 2017. As of payroll ending date August 2, 2020, if he chose to retire with Normal Retirement, his estimated monthly retirement benefit would be approximately \$7,824.90. His employee contributions to Retirement System as of payroll ending date August 2, 2020 were \$105,947.98. (This item was deferred at the August 13, 2020 Retirement Board meeting.)

Mr. Garcia-Linares thanks Officer Ellinport for giving the Board the time to go back and review the Ordinance and State Statutes regarding disability. The officer was injured. He injured his back on July 24, 2019 while he was training at the University of Miami. He has gone to see a Worker's Comp doctor as well as a doctor that the Board sent him to and both doctors and said that he has a 6% impairment. He reviewed the entire ordinance and did some research with regard to this issue of Florida law. He went back and looked at Chapter 185. It is the Board's decision to determine the issue of disability. Disability retirement means retirement from service of the City due to either a service-related disability or nonservice-related disability. This would be under a service-related disability under Section 46-98. It is the decision of this Board to make decisions as to whether or not someone is disabled. When you look at disability retirement under Section 46-254 it is clear that while the process is that if the Board decides that an Officer has been disabled while it is the policy that they are to return and go back to a doctor, there is no question that the Ordinance Section 46-254 states that that annual reconsideration of disability ceases when the disabled person reaches normal retirement age. So, under both Chapter 185 and the Retirement Ordinance, the Board determines whether or not someone is disabled and then have them come back. But because of the way the ordinance is written it states that once you have hit your date of retirement then you do not come back to the Board any further. That is basically the conclusion. The annual reconsideration no longer goes forward. Any decision that this Board makes can be reviewed by the City under Section 46-97. So, the city can make its own determination. He checked with Ms. Elejabarrieta and the City has decided that they will not send Officer Ellinport to another doctor. At this point it is up to the Board to make a decision based on the evidence that is before them with the doctors' reports on whether or not to grant Officer Ellinport disability

retirement. the officer his disability. His disability will be permanent. He has reached his retirement date so he would not have to return to the Board.

Mr. Gueits states that the question asked last month was how the disability benefit played with the retirement benefit. If he understands the legal circumstances Officer Ellinport would remain on disability in perpetuity and transition into a retirement status. He wants to know how that works. Mr. Garcia-Linares informs that he would retire under disability and would be paid pursuant to the to the Ordinance. Mr. Gueits asks what happens when someone becomes disabled before they reach retirement age. He guesses the Board would send them to be evaluated and the disability continues to a point where they do reach the retirement age. Have they had a situation like that? Mr. Garcia-Linares answers affirmatively. There have also been situations where the Board has waived the annual reviews due to the level of the disability. Mr. Gueits states that if the medical experts say Officer Ellinport is injured and disabled then that is good enough. He is trying to understand from a benefit standpoint. Have they had someone that was disabled but not yet in the retirement phase of their career go out on disability and then when they reach retirement then they transition to a retirement benefit or they stay on the disability benefits? Ms. Groome replies that they stay on disability. Mr. Garcia-Linares points out that the City has a right to review whatever decision the Board makes and the City also has a right to amend the ordinance if they want for folks to have to continue coming back. Right now, the Ordinance says that once they hit their retirement date they do not have to come back for annual reviews. Mr. Gueits is comfortable making a motion.

Jason Fox informs that he is an attorney representing Officer Ellinport. He does Worker's Comp and pensions across Florida for First Responders. He believes that the first motion should be to determine if the disability is a permanent injury as the doctors have indicated. The second motion is it is disabling or limits Mr. Ellinport from doing his job as a Police Officer and again with his permanent restrictions. The third motion just needs to be that it happened in the line of duty. So that satisfies your permanent total and in the line of duty or service connected. Ms. Gomez disagrees. They have never had three different motions. Mr. Garcia-Linares explains that the only motion that needs to be made is a motion to approve the Administrative Manager's recommendation to accept the service-connected disability.

A motion to approve the Administrative Manager's recommendation to approve Officer Ellinport's application for service-connected disability as made by Mr. Alvarez and seconded by Mr. Gueits. Motion unanimously approved (11-0).

Chairperson Nunez states that they are going to jump a little bit out of order and move to a new business item since Mr. Challenger is participating in the meeting while on vacation in Canada and he has an item to bring up. Mr. Challenger states that he would like to revisit a motion he made a few meetings ago regarding one of the officers and the calculation of buying back time. It was put on hold last time because it was under a grievance and he believes the grievance is over now. He just wanted to bring the motion back to the table. Basically, the calculation on buying back previous military or law enforcement time was changed beginning October 1, 2019. One of the officers was buying back his time. When you get hired here, you have to work five years before you are allowed to buy time. You work your five years and then you have the option to buy back your time. This officer, Josh DeLeon, he worked 4 years and 10 months and then the calculation changed, and it was a considerable change. He would like to make a motion that anyone hired prior to that change falls under the old system and

going forward is under the new calculation. It is only about 12 officers that it affects and probably not all of them will buy their time back.

Ms. Gomez states that sometime last year the Board had discussed the issue that the calculation used to buy back time was not a correct calculation in that some arbitrary number of eighteen percent of the first year salary was used to buy back time and that calculation did not represent the actual cost of buying back time. So, in essence the pension plan has been subsidizing individuals buy back. The Board determined that as good fiduciaries the Board should not be paying for the subsidy of an individual to not pay in their fair share to what it costs. The rate of 18 percent was determined by the Board whenever it was determined, and it has never been looked at, but they identified the issue and agreed that the Board should not be subsidizing anybody's buy back. It is an item that is under the purview of the Board. It is not something that it changes benefits or has to be negotiated. She wanted to put it on record because this issue was discussed at length last year. The Board made a determination and waited to implement it beginning October 1, 2019 to make sure that if anybody who had already got an estimate or who was eligible at the time would not have been affected.

Mr. Garcia-Linares informs that on September 2, 2020 the City denied the grievance saying that it is within the purview of the Board and Section 46-27 clearly states that the amount that needs to be contributed for the buy back is an amount established by this Board. This Board establishes and determines the amount that it feels should be paid in for the buy back in order to pay for the for the benefit. It is the Board's decision to decide one way or the other. Remember, any decisions the Board makes can be reviewed by the City. This was a decision by the Board to make sure that that they are not continuing to add to the unfunded liability by adding benefits that are not covered. If the officer does not pay the full amount of the buy back, then it would add to the unfunded liability of the plan and the moneys would have to be made up by the City. Ms. Gomez agrees. The previous calculation was not being actuarially determined. It could be that the actuarial amount is less in some cases but in most cases the Board has been subsidizing, unknowingly, because this issue was never brought up in the past. Once it was identified, the Board rectified the issue and determined that going forward all buy backs would be actuarially determined so that the plan is kept whole.

Mr. Garcia-Linares points out that Officer Challenger said there were 12 police officers. Do they know how many firefighters or general employees' part of this could also be because the motion would affect every employee. He asks how much the difference is for this one particular officer. Ms. Groome responds it is around \$50 thousand. Mr. Garcia-Linares states that if there are 12 police officers that would be more than half a million dollars that the City would be subsidizing. Mr. Challenger disagrees. Not everybody buys the same amount. Mr. DeLeon's case is five years. So, in order to buy time back you would have had to have done prior military time or police time somewhere else. When you get hired you have to wait five years to buy back time. It is not like all new hires will be able to buy time just those that were hired with previous time prior to that October date would fall under that new system. He felt it would be somewhat fair to those that were hired prior to that date because they plan for five years to buy that time back and when it is changed two months before you reach your five years to buy back the time it is kind of startling that the amount you expected to pay is a lot higher than expected. He understands the ramifications on the fund. He does not think that Mr. DeLeon's case will apply to everyone. Ms. Gomez does not know how they can justify giving plan funds for an individual's benefit. That is her position.

Ms. Elejabarrieta thinks that the issue is that employees who had already been hired understood that they were going to buy back this time at 18% and then the calculation was changed on them so the motion is to change the formula going forward for new hires. Chairperson Nunez understands that the officers get hired who are planning on buying back are already making a calculation and saving their money or trying to plan ahead for that. They were hired knowing those terms. He understands it is better for the fund but how do they explain the change to those officers who were hired under those terms and came here with that perspective. Mr. Easley sees valid points on both sides of the discussion. He thinks in order to eliminate confusion they should do a determination of how many people actually want to buy back time. They have a fiduciary responsibility, but they also have responsibilities when somebody is hired under certain pretense and are moving forward financially making certain decisions. He is not sure how many firefighters there are, and he does not know if there are any. Also, how many general employees would this affect? They need to determine that and come back with a number to see how who it would affect. Mr. Alvarez would like the Board to consider making an exception. It sounds like there is already a predetermined amount and the game was kind of changed in the middle. He thinks an exception like this would be unique to move forward and accept it. He thinks down the line they have to figure out what the number. Mr. Gold asks if they make this one exception are they making no others or is there a small window of 12 people. Ms. Gomez informs that there are more. Mr. Easley thinks that is why they should get a total number first and then move forward. He does not think that one month will make a difference just to have a complete number of how much this affects the fund. Mr. Gold asks how they go about polling to see what potential number of people this may affect. Ms. Gomez states that they are saying if they make this change effective October 1, 2019 for anyone hired on or before October 1, 2014 then they have the choice. They will have to poll every single City employee hired on or after October 1, 2014 and then expect them to respond back on whether or not they want to purchase time when they reach their five year anniversary of employment with the City. Then send all those employees' information to the actuary to make a calculation, which is another expense to the fund. Mr. Gueits thinks they need to be careful. He is uncomfortable with changing the rules after the Board voted on the change. It is almost like going back on something. If they carve out exceptions, where do the exceptions end? He thinks they need to study what the impact of the fund will be before we can make any on determination. If it was just the one officer, then perhaps it would be justified given his particular circumstance.

A motion to grandfather employees hired prior to the change of buy back calculation of October 1, 2019 to use the previous calculation of 18% of first 26 pay periods for buying back time and all new employees hired after October 1, 2019 use the new calculation of buy back as determined by the actuary was made by Mr. Challenger and seconded by Ms. Elejabarrieta.

Discussion:

Mr. Chircut thinks they are forgetting that the employee will get that benefit because it is five-year times the multiplier. In the end he will get that benefit.

Chairperson Nunez opens the discussion for public comment. Javier Bruzos of the FOP thinks this topic is very important, especially, for law enforcement. He thinks it is the fair thing to do. You cannot buy back time until you have done five years with the City. At that point in time you make plans to do that and then the rules are changed once you are able to buy back your time. It messes up the plans of being able to buy back any time under the rules when you first were hired. He thinks that the fair thing to do under the circumstances would be if you got hired prior to the change then you would operate on

the rules that were in place when you got hired. If you got hired after the change then you know those rules would be different. He thinks it is the fair thing to do for the police officers, firefighters and general employees.

Ms. Gomez states that this may not be an exact comparison, but it is something similar. When you are hired and are paying health insurance at a hundred dollars a month and then that rate goes up because an actuary makes the determination that it is more expensive to pay health insurance then you have to pay the higher health insurance rate. You still get the benefit of the health insurance. If the price is changed at the time that you have to go and buy something, you pay the market price at the time. The Board was not aware that they were subsidizing the buy back of time and made the correction. Chairperson Nunez understands. Ms. Gomez points out that the City is paying extra money into the unfunded liability to pay things down. They are doing the right thing and she thinks this would not be the right thing to do. Chairperson Nunez understands. The Board has fixed many things, and this was an error that was not corrected in the past. Technically, they were subsidizing without knowing. They have made mistakes in the past and have held true to them to make those people whole. He knows the details of Mr. DeLeon's case. He was in the military and served overseas in the desert and then his time came back with that perspective. For the change in calculation to be made two months before he was able to purchase the time was a shock to the system. It is an isolated case that came up. If they looked at his case only, he is sure it would be unanimous across the board in that one case. However, the motion now is to look at everybody. They are trying to fix mistakes that were made in the past but at the same time they have made mistakes and held their ground to them. They still have a motion on the table.

Mr. Mantecon asks when employees are hired, are they told about this benefit. Is it part of the recruiting package? One thing is if they made a conscious decision to leave one job to take this job because they would be able to buy back time as opposed to taking the opportunity based on health care benefits or pay rate. If he was hired with a certain expectation, he will have that expectation going forward. Mr. Challenger gives his experience when he bought back his time. He had a choice to go to Miami-Dade County, Coral Gables or Miami Beach. One of the big benefits with Coral Gables is you could buy back up to 5 years of prior public service, Miami Beach did too. He chose Coral Gables. In order not to lose any of his prior service from Pinecrest, he was able to buy that time. When you get hired other Police Officers know what the calculation is for buying time and they tell you about it. So, he worked midnights and maxed out his deferred comp just so when the five years came up he could transfer that money right into his account to the pension fund. That is how he was told about the benefits. None of the officers probably even know what the calculation is when they get hired. They are just told this is about the amount it would be to purchase time and then you plan accordingly to that.

Mr. Gueits states that the issue is not that the officer did not have the ability to buy back the time or not. The issue is buying back that time at a higher rate. To be clear they are talking about price and not about the benefit. Mr. Garcia-Linares asks Ms. Groome if she is involved with any of these calculations prior to hiring or the time they are hired. Ms. Groome answers affirmatively. She was the one who did the previous calculations. Ms. Gomez asks when the calculations were done. At the time of hiring or the time of eligibility. Ms. Groome responds that it is when they are eligible to buy back the time. Mr. Garcia-Linares explains that he is asking from a legal standpoint at the time that someone is hired, they are not providing on behalf of this Board any calculation that anybody is relying upon. Ms. Groome answers negatively. Mr. Garcia-Linares clarifies that there was no error made by this

Board. Errors made by this Board have been corrected in the past. There is nothing that was done or provided to this officer that was relied upon. Ms. Groome agrees. It was always 18% of the first 26 pay periods and then the calculation was changed in October 2019.

Mr. Gueits suggests that someone study the impact of this decision on the employee population. He thinks they do not have enough information and would like to see the proposal laid out. The item was not on the agenda. Mr. Garcia-Linares recommends that if they are considering making this change, they have a fiduciary duty to this fund to figure out the financial impact. They would have to assume that every single person that is eligible would buy back the time and cannot assume that it will be one or two people. Mr. Gueits states that from a legal standpoint there is no employment or contractual obligation that would force the Board to do this, but they have always tried to do the right thing. They cannot begin to do the right thing if they do not have the information. Making this change in a hurry does not feel right. They need more information.

Mr. Easley asks when information regarding eligibility is to buy back sent to an employee. Ms. Groome responds that it is on the five-year anniversary of their hire. Mr. Easley asks if that is when they eligible to purchase their time. Ms. Groome answers affirmatively. Ms. Gomez comments that they do not necessarily know at that point how much it will cost. When they get the notification, they have to contact the Retirement Office to find out how much the purchase of time will be. When they made the change in April 2019, they had discussion and specifically chose October 1, 2019 to make the change so that the employees who were already told how much it was for their buy back were not harmed because they were already given an estimate.

Chairperson Nunez asks for Mr. Challenger to restate the motion.

A motion to grandfather employees hired prior to the change of buy back calculation of October 1, 2019 to use the previous calculation of 18% of first 26 pay periods for buying back time and all new employees hired after October 1, 2019 use the new calculation of buy back as determined by the actuary was made by Mr. Challenger and seconded by Ms. Elejabarrieta.

Discussion:

Mr. Easley thinks they should delay until they get a true number of who will be affected. Mr. Gueits points out that this is not about a benefit being taken away. It simply has to do with the cost of the benefit. He thinks they have to understand what something is going to cost on both the employee side and the Board side. Ms. Elejabarrieta thinks that the issue is that the 18% has been in play for over 30 years and then it was changed. Mr. Chircut asks if employees are told that when they are hired. He does not think they are. Ms. Elejabarrieta states that there is no formal document from HR or the Retirement Board, but this calculation has been in place for 30 years and that is what everyone discusses. Mr. Gueits states that they cannot legislate based on what had been going on for 30 years. He is all about being fair and doing the right thing and they have done a lot of good things. The Board has always found some accommodation to help but they did not do it without some type of process. Mr. Easley understand the two sides. Could they extend using the 18% calculation to December 31, 2019 so that this officer could be eligible? They have gone beyond their fiduciary responsibility in protecting the fund to change the amount for the buy back, maybe they can include one more individual under the old calculation and then forward from there. Mr. Challenger thinks they need to get a grand total of how many people will be affected. Ms. Gomez asks if anyone has paid the actuarial value since October 1, 2019. Ms. Groome answers affirmatively. There have been two other

employees. Ms. Gomez asks how they justify having the Board pay for this. Mr. Garcia-Linares states that if you change the rule for this one gentleman then people who have actually paid under the new calculation will have to be reimbursed the difference. Ms. Elejabarrieta asks what group of employees purchased the time. Ms. Groome informs that it was a police officer and general excluded. The police officer purchased prior City time and the general excluded purchased other public employer time. Prior City time has always been calculated by the actuary. Mr. Mantecon states that the price of things always change. The Board has to make decisions that protect the fund. Every decision they make is going to have some repercussion to somebody else and then they have to start to go back to every single decision that we make and see who was impacted negatively because of the decision they made. They make decisions as a Board to try to make sure that this pension is around for many years to come. He does not see how they do this properly and not affect this going forward.

Mr. Gueits asks if the 175 or 185 money's potentially serve to offset any potential costs. Ms. Gomez informs that it would have to be negotiated. Mr. Gueits believes that there are options to present a well thought through and research proposal to come to some type of solution. They can vote on the motion on the table. They need to call the vote, or they can look at this issue closer and explore all options and then say they looked at every angle and vetted the issue properly. He does not think they can make a decision without understanding the economic consequences. Ms. Elejabarrieta thinks they should table the issue to the next meeting. She withdraws her second to the motion so they can get more information.

Ms. Gomez thinks they need to get an understanding of how many employees this will affect. Mr. Challenger is willing to withdraw his motion so they can look to see how many people will buy back their time on all sides. He asks for Officer DeLeon have an extension of the six months regarding the deadline to buy back time. Mr. Garcia-Linares points out that it is 180 days to buy back after his election to buy back time, so he is okay in terms of the deadline.

Mr. Garcia-Linares suggest that since the Police have already found out that there are 12 officers who are eligible to buy back time, they should put the onus on the fire department and have them find out how many people fall under this and then somebody look at the general employees. Then they can ask the actuary what the average cost would be. Chairperson Nunez states that fire is going to collect their own data so we can move on from this point. Who will collect the information from the general employees? Ms. Elejabarrieta informs that she will.

5. Update on the implementation of the Pension Administration System by Yolanda Menegazzo of LagomHR (*Agenda Item 6*).

Ms. Menegazzo reports that GRS supplied all of the data elements that were needed to extract from the system. IT created a sample data report of about approximately 200 members. If that report gets approved, then a full report with all the members is going to be run. The only thing is Lemay from IT is going to triple check that data transfer through the GRS secure portal meets the internal controls to be in compliance in order to safeguard the Police Department like home addresses and any other things that are required. Lemay will be getting back to her today. Once that happens and he gets the green light to send that data and makes sure that it is a secure portal and in compliance with the Coral Gables internal controls they will be able to upload that sample report and GRS can review it. Basically, they are in test mode right now as far as the data elements are concerned. Everything seems to be on track. Ms. Gomez asks if they have the

help from HR. Ms. Groome informs that she has not requested any help yet because she does not know when all the data is going to be put into the system to start. Ms. Gomez asks that at this point additional help has not been needed. Ms. Groome agrees.

6. Investment Issues – Performance review, Approval of updated Investment Policy Statement and manager addendums (*Agenda Item 7*).

Dave West reports on the investments. It has been a phenomenal period of time. Growth stocks continue to be the dominant characteristic in equities, and this further expands that huge disparity between growth stocks and value stocks. The rebalancing that they completed was done in accordance with this ongoing theme in the idea of taking profits. As of August 31st, the allocations to the value managers Eagle and Brandywine were both a little over 8% and the growth managers Winslow and Wells allocations were still a little heavier bias to growth managers than value managers. They did successfully liquidate \$8.9 million from the Wells Heritage fund and \$8.9 million from the Winslow large cap growth. Those monies went to Garcia Hamilton net of what was required for operating expenses for the month. This is a huge rebalancing step they took, and it moved the asset allocation much closer to targets as far as domestic equity goes. Those were very important steps they took. They are still modestly overweight in domestic equity at 1.6% overweight and they are still a little bit underweight in international equity. For any coming distribution needs it will be with the S&P 500 Index Fund. The S&P 500 Index Fund is used as the primary source for operating funds at the beginning of the month. That gets the equity weight closer to target and it also liquidates or uses as a source of funds what may be one of the more vulnerable investments. The index is dominated by those five seven larger stocks, which have some pretty huge valuations on them right now. They view that as the best source of funds going forward.

A motion was made to utilize the S&P 500 Index Fund as the source of funds for upcoming distributions was made by Mr. Mantecon and seconded by Ms. Gomez. Motion unanimously approved (11-0).

Mr. West continues. They had phenomenal results for the month of August and if they can just have a flat market between now and the close of the fiscal year it will be a banner year for investments for this system. The total fund net through August on a fiscal year to date is up 12.8%. They have been able to add value with the active managers. Total equity was at 20.8% for the fiscal year. Domestic equities were at 14.8% and international equities were at 12.2%. WCM was up 26% fiscal year-to-date versus the benchmark and RBC which is the value-oriented manager which continues to struggle with value stocks. Outperformance really came from WCM. Eagle Capital was at 13.2%. Brandywine and Eagle did great as growth stocks are the big drivers. Regarding Garcia-Hamilton, they have completely retraced all their underperformance with the with the strategy they have placed there.

They made adjustments in the Investment Policy to the bond benchmarking where they changed the core fixed income mandate. They increased the duration of the interest rate sensitivity of the bond portfolio and are also increasing the quality minimums of that part of that portfolio to A or better. The second change was to update the index nomenclature. Anywhere in the Policy that the Barclays Aggregate was referenced has been updated to the Bloomberg Barclays Index. Those changes were carried through to both Garcia Hamilton's and

Richmond's Policy addendums. Mr. Garcia-Linares informs that he reviewed the Policy and was fine with the changes that were recommended.

A motion to approve the Investment Policy changes was made by Ms. Gomez and seconded by Mr. Chircut. Motion unanimously approved (11-0).

7. Request from DROP participant Dan Formosa (General/Teamster employee) to change his final option due to an administrative error in his monthly estimate prior to his decision to enter the DROP. Under Ordinance Section 46-98(a)(4) the Retirement Board has the power “to correct any defect or supply any omission or reconcile any inconsistency that may appear in the system, and to make equitable adjustments for any mistakes or errors made in the administration of the system, in such manner and to such extent as it shall deem expedient to carry the provisions and purposes of the system into effect, and its good faith and judgment of such expediency shall be final and conclusive on all interested parties” (*Agenda Item 5*).

Chairperson Nunez informs that Mr. Formosa is requesting, based on an administrative error, that he be able to change his final option from Option 1 to No Option. He asks if Mr. Garcia-Linares would like to elaborate on this. Mr. Garcia-Linares states that Mr. Formosa was provided an estimate by the System and there was an error in terms of his years of service and he made a decision based upon that estimate. When he received the letter from the actuary the amount was substantially lower. So now he is coming to the Board saying that he relied upon the error in making his election and would like to change the election.

A motion to allow Mr. Formosa to change his retirement option was made by Mr. Gold and seconded by Mr. Gueits. Motion unanimously approved (11-0).

8. Public comment.

There was no public comment.

9. Adjournment.

Meeting adjourned at 9:52 a.m.

APPROVED

JOSHUA NUNEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER