

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

MEMBERS:	A	S	O	N	J	F	M	J	A	S	O	APPOINTED BY:
	19	19	19	19	20	20	20	20	20	20	20	
Andy Gomez	P	E	E	P	P	E	P	P	P	E	P	Mayor Raul Valdes-Fauli
Rene Alvarez	E	P	P	E	P	P	E	P	P	P	P	Vice Mayor Vince Lago
Alex Mantecon	E	P	P	P	P	P	P	E	P	P	A	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	P	Member at Large
Marangely Vazquez	-	-	-	-	-	P	P	P	E	P	P	General Employees
Troy Easley	P	E	P	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	A	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
 Pete Strong, Gabriel Roeder Smith

P = Present
 E = Excused
 A = Absent

GUESTS:

Yolanda Menegazzo, LagomHR

1. Roll call.

Chairperson Nunez calls the meeting to order at 8:03 a.m. There was a quorum. Mr. Chircut, Mr. Mantecon and Ms. Cox were not in attendance when the meeting began.

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 September 10, 2020.
- 2B. The Administrative Manager recommends approval of the following invoice:
 1. Gabriel Roeder Smith & Company invoice #457065 dated September 11, 2020 in the amount of \$2,601.39 for August 2020 actuarial services.
 2. AndCo invoice #36084 dated September 25, 2020 in the amount of \$38,062.50 for 4th quarter fiscal year investment consulting.

A motion to approve the Consent Agenda was made by Dr. Gomez and seconded by Mr. Easley. Motion unanimously passed (10-0).

3. Update from the Board Attorney.

Mr. Garcia-Linares reports that he worked with Ms. Groome regarding the office space lease. Mr. Kerdyk sold the building. He reviewed and approved certain documents indicating that the lease was still in full effect. He dealt with questions Ms. Groome had regarding a police officer and disability versus retirement benefits. Mr. West will cover during his presentation the allocation of the funds that are coming in and some reviews of the Investment Policy. Dr. Gomez asks about the lease. Mr. Garcia-Linares informs that the new landlord has to honor their lease and the documents just confirmed to the new landlord that the terms of the lease are still in place. Dr. Gomez asks if they have the opportunity with the new landlord to downsize. Ms. Groome informs that the lease ends in 2023. She has not spoken to the new landlord about downsizing the office yet. Dr. Gomez thinks this gives them the opportunity now that they are restructuring the operation to downsize and see if they can pay less. Mr. Garcia-Linares states that will be a separate negotiation with the new landlord. They were asked to confirm that the lease amount they are currently paying will continue to be paid. The lease does give them a period of time to get out and at that point they can try to negotiate with the landlord.

Mr. Chircut joined the meeting at this time.

4. Update on the implementation of the Pension Administration System by Yolanda Menegazzo of LagomHR. I do have some updates.

Ms. Menegazzo reports that there has been a little bit of back and forth in regard to the data. She does not think that the IT Department estimated how big this data transfer was going to be. The data is a breakout of the entire contributions per person by pay period so that they have all of the history. The report itself was thousands of line items. The report has been submitted to GRS and GRS is uploaded the data into the system. The second thing they are working on is getting a new report so that every two weeks when payroll is run, they continuing to update the system with that data. One of the things that GRS mentioned this week is that their implementation plan was anywhere from three to six months. They are recommending that as they get closer to the end of November beginning of December even if they might be ready so launched this, it might be best to wait until January 1st. Dr. Gomez asks what Ms. Menegazzo's recommendation is. Ms. Menegazzo thinks it would be a very clean transition to start on January 1st. They will still be within the implementation time that they promised. Ms. Gomez agrees because they will be doing payroll at the beginning of a new calendar year and

that is the best way to do things for various reasons. What can they be doing in November and December? Can they do parallel testing between the EDEN system and the PensionSoft System? Ms. Menegazzo states that will be part of the training process for Ms. Groome. Mr. Chircut asks if anybody is checking to make sure that that data that goes into the new system is correct and matches what is coming out of the old system. Pete Strong explains that they have the data and are currenting testing it. They just received the data a couple of days ago and they are currently going through it. They have an extensive data process they are reviewing now. It is a large data file and there may be a follow-up to get additional data. Dr. Gomez asks if there is any way to clean out some of the data that is not necessary. Mr. Strong informs that the data they requested is all necessary. Everything they requested to be on the data transfer was needed. Dr. Gomez asks if they can simplify the use of the data moving forward. Mr. Strong explains that once they know they have the correct data this will be a one-time upload and then they will add the bi-weekly payroll going forward. As long as they get that process streamlined all they will need going forward is each bi-weekly additional payroll to add to the storable database.

Dr. Gomez would like to hear from Ms. Groome with how she thinks this is going. Ms. Groome states that they are waiting for the data to be put in so they can start looking at it and go forward. Dr. Gomez thinks it is extremely important that Ms. Groome feels comfortable with everything that has been done and that she feels like she will be able to manage this work with the different entities involved not only in this transition but with the implementation of the new process. Ms. Groome states that she has only seen the demo for PensionSoft. The data was just received so she has not been able to see that data yet in the PensionSoft system. Ms. Menegazzo explains that the data is being uploaded and the IT Department has set up a secure portal where GRS can go in and extract the data. That is probably how they are going to go in every two weeks to extract the bi-weekly payrolls. Mr. Strong informs that once they have PensionSoft set up before going live they can get Ms. Groome access to their servers where she can be involved in some of the testing. He hopes that is in November or December. Dr. Gomez does not want to put Ms. Groome in the position that they are ready to go in January and then in April she has not been able to give her input as to how things are from her point of view. Ms. Groome spoke to Mr. Strong yesterday about her concerns with the data coming in. Dr. Gomez thinks she needs to tell the Board what those concerns are. Ms. Groome states that she does not know what data was pulled from the IT Department. The report that she uses to calculate pensions has everything that is pensionable now is pensionable in the report. For example, for the General employees who had total earnings up to 9/30/2010 when she uses the report all the total earnings are shown as pensionable earnings. The same is for Police and Fire when their earnings became pensionable. The report is giving me data of earnings that should be total earnings up until the time the earnings became pensionable but I instead all the earnings pulled in by that report are pensionable. She shared this with Mr. Strong so when they are looking through the data can find what the issues are. Dr. Gomez thinks that is valuable information. He wants to make sure she is comfortable since she is part of this process. Ms. Groome comments that once she has the access when GRS is ready for her to get the access, then she can look through it and hopefully everything is clear. Ms. Menegazzo informs that the process is going to happen but now they are still in the data verification process. Once they can verify the data then Ms. Groome will have access to the system and can identify any issues. Dr. Gomez states that everyone should be on the same page as they move forward right now.

Ms. Gomez states that there has to be some kind of validation process where you are validated that the data is correct. You should not be waiting until the system is in place and then test it. You should be able to do cash totals or spot checking or whatever. GRS should be able to give you a report to say this is the information I got for these 10 employees go validate it. You can be doing that now even if you do not have access to the system. That is something that she believes should be happening as they speak and not waiting until the system is setup. Mr. Strong informs that GRS is doing that. Ms. Groome points out that GRS is doing that right now. Ms. Gomez does not want to be hearing that you have not had a chance to do it, so you are not necessarily comfortable. If you are going to accept GRS doing it then you need to be comfortable and say yes, we have done it and we are good not that I have not done it so I don't know. Ms. Groome thinks that this kind of conversation does not make sense right now. GRS just got the data. Ms. Menegazzo agrees. The data just got uploaded on Tuesday. They are just starting to look at it. The process is going to occur, and Ms. Groome is going to be extremely involved. Ms. Groome is correct, they just got the data. Mr. Strong would very much welcome having Ms. Groome go through the data as well and spot check it side by side with GRS. Ms. Groome has access to a lot of details of payroll records than they do.

Chairperson Nunez asks when they start testing are they doing recent tests on the last few years or are they getting a single participant and introducing all their data to show that how the calculations are going to be coming out. How will Ms. Groome confirm that information? On the final interface from her side or in the transition and GRS is receiving and transitioning the information. Mr. Strong states that confirming the data is the most crucial element and if Ms. Groome can help them that would be great. Once they get the system ready to produce calculations and handle administration Ms. Groome can be involved at that point with the testing. They are going to be testing individuals and compiling a report to see if totals are correct. She will be receiving training and help with the testing prior to going live. Ms. Gomez asks when the data is loaded will they do a simple test run like a payroll register out of the Eden system compared to the new system. Mr. Strong informs that they will be doing that on the pension payroll side. Chairperson Nunez agrees with Dr. Gomez that they make sure everything is on track and Ms. Groome is comfortable and that she has all the available resources. Dr. Gomez asks if they are clear about the cost of all of this. Mr. Strong informs that they have a contract. Dr. Gomez wants to make sure there are no hidden costs going forward. Ms. Menegazzo thinks that GRS knew how big the data file was going to be, but IT underestimated it a little big to the point that they had to run the report over the weekend.

5. Discussion on buy back calculation (tabled from the September 10, 2020 Retirement Board meeting).

Mr. Garcia-Linares informs that there are 10 Police, 3 Fire and 20 General/Excluded employees for a total of 33 employees that could possibly buy back time. The motion last month was that everything would go retroactive back to the prior numbers. The question is at what cost to the System. The one particular Police Officer was an additional cost of \$50,000.00 to either him or the System if they used the previous calculation for buy back. Is that a number that could be used for what the cost would be to the plan for the buy back? Mr. Strong informs that police and fire are going to cost more because they have higher benefit multipliers and have somewhat earlier normal retirement. General employees will cost a little less. He would say \$50,000.00 is on the high side as far as an average goes. It is going to vary by person; age, hire date, salary

level. There is a lot of variability from person to person. They can run these people in batch and possibly get all of them done in probably six hours. They would not charge \$450.00 per person because they can run them all together at once. It would cost between \$1,500 to \$2,000 in terms of their hourly charge.

Mr. Garcia-Linares asks if the Board thinks it has enough information at this point to go forward on discussing this issue or does the Board want Mr. Strong to run numbers on the 33 individuals costing between \$1,500 and \$2,000. Ms. Gomez states that the general employees are made up of Teamsters and excluded employees. She thinks cost for the excluded general employees buy back may be a little higher than the Teamsters. Mr. Garcia-Linares informs that there are six Teamster employees and 14 general excluded employees. Mr. Strong states that the general employees have a later retirement age and a lower multiplier than the Police and Fire employees. Police and Fire employees will be the most expensive on an average basis. Chairperson Nunez states that they need to make a decision or a motion the Board wants to get GRS to run those numbers. Mr. Gueits asks if any provision had to be made for the folks who purchased at a higher rate. He read in the minutes that there was a concern about that and that the Plan would have to refund money or credit back money to folks who had purchased at the higher rate. Mr. Garcia-Linares states that is correct. If the change were to happen the equitable thing would be to go back and anybody who bought in at the higher rate would be refunded. Ms. Groome informs that it was a minimal amount of people. Dr. Gomez sees this as a policy question. They put in a certain policy and now they are being asked to consider changing that policy. Chairperson Nunez informs that in April of 2019 they made a change from the eighteen percent to an actuarial value to be implemented in October. Mr. Gueits states that the minutes from last year he was on record seconding the motion to change the rule. They are changing something the Board has already decided on. Dr. Gomez does not think there is anything wrong in amending or creating new policies. It sets some precedent moving forward as well, which he is not completely comfortable with. He is very sensitive to what these individuals are trying to do, and he is very supportive of all the employees. He is not sure he is going to be on the side of supporting this change.

Ms. Gomez informs that she did a quick calculation. She was looking at the 10 Police, 3 Fire, 6 General and 14 Excluded assuming that \$50,000 would be for the Police and Fire and \$25,000 would be for general employees. That would come to a potential cost of approximately \$1.6 million dollars. Even if they take 50% of that amount it would be \$825,000. That is significant money that the Plan would be subsidizing. Just because her co-worker told her it is 18% does not make it 18%. It was not official information. She does not know what people relied on. That is why she is stuck on if people were relying on whether it was officially told to them by the HR Department or by the retirement system that is a different story because that is the information they were told and were never told it was subject to change. She does not know that that is the case because it is not written anywhere. It is not handed out in any document. The only official communication comes from the retirement system when an employee becomes eligible to buy back time. That is how they are told when they decide to buy back their time. She understands that people rely on information they get from co-workers but shame on them if they rely on information that they did not verify or validate. That is where she is at regarding this issue. She thinks their policy should not change.

Mr. Gold asks what motion they are discussing. They can talk about this all day and get people's opinions and he does not want to do that. Mr. Garcia-Linares is concerned from a legal standpoint was whether or not there was reliance by individuals on the Retirement System. He asked Ms. Groome at the last meeting and she confirmed that she did not provide any information and does not provide any information to any person applying for a job with the City. No one contacts her and she does not give any information so there is no reliance that he has been told about that any employee applying for a job in the City could be relying upon the retirement system. There is no reliance on the System.

Chairperson Nunez knows that Mr. DeLeon initiated this issue and the change was made in April to go into effect in October. He was already close to his by back in December and there is no official announcement on the 18% but it has been past practice for at least 20 years. That means you can ask the oldest guy oldest guy and the newest guy and they both will give you a consistent answer. He is only talking in that case for Mr. DeLeon, so he does not know what difference that makes. Mr. Garcia-Linares thinks that if they go down that path then the Board would never be able to make any change whatsoever for any retiree. Mr. Gueits agrees. That is a false choice if they say they have to stick with 18% because it's in been in place for 20 years then they might as well revert back to what it was and undo what they did last year and give everyone their money back who paid at the higher rate. He does not think that is the way they should make decisions. He suggests they study what the additional cost actually would be. Are they talking about tens of thousands of dollars now? They know it is probably a million dollars cost to the Fund. He would like to understand the difference.

Ms. Elejabarrieta states that officer is purchasing five years and many of the employees who have prior public service and military service do not necessarily purchase five years. When she reviewed the data a lot of them, they have one to two years to possible purchase. It fluctuates per employee, but she does not think it is safe to assume all are about \$50,000 times of 30 employees that are eligible. That would be extremely on the high side. Mr. Gueits states that maybe they need to provide information at the time someone is hired. Maybe the pension system should provide a notice at the time someone is hired. Mr. Strong informs that the problem with that is five years later the cost will probably be different than what was quoted to them because assumptions change over time and the salary level will be higher five years later. There are a lot of moving parts.

Mr. Gueits comments that is an argument that bolsters the point. How can an employee who came in at 18% expect to pay the same rate five years later? Their point has just been made. Things change and salaries are different and there are adjustments. If they are saying that this policy has been in place for 20 years, Mr. Strong has just underscored the fact that how could anyone expect to pay the same after five years of employment. Mr. Challenger states that they are given a ballpark figure for the purchase of time and not everybody pays the exact same amount. If a Police Officer started three years ago and his salary was a certain rate, he is going to pay 18% on that. He thinks they are doing worst case scenario here. They are talking like the 18% calculation is going to hurt the pension plan but the people buying it back don't see it that way. They see it as a large number and that is why if you go back to the records of people that have prior military service and prior public service they did not buy that time because it is still a lot of money to pay. For most officers, \$50,000 is expensive and some struggle to make the purchase and then some choose not

to purchase at all. Everyone does not buy back their time. He thinks they are looking at it in the worst-case scenario. They are not changing the policy; they are just grandfathering people who were hired when the policy was already in place and then moving forward, they can go to the new calculation. It is not really changing the policy. It is allowing the people that were hired when this calculation was in place the opportunity to buy it at that calculation and from past experience most are not going to buy it. It sounds like a doomsday when it is going back and forth. When it was at the 18% barely anybody bought it. He feels like it is the right thing to do for the people that were hired prior to that date.

Mr. Easley agrees with some of what Mr. Challenger said about not everyone will buy back the time. It is a costly item even at the old rate of 18%. He thinks they should have a grandfather clause of including people who were hired before October 2019 and then anyone hired after that date they move forward with the new calculation. He thinks they need to take the human factor into this. He knows they have a fiduciary responsibility, but we also have a human responsibility. Dr. Gomez states that he is very sensitive to the human factor. He is also a stickler on the rules that they have set. If this is so important to Police and Fire can the buy back come from the 175 and 185 funds? Mr. Easley responds that is a question for the 175 folks and their attorney or the 185 folks in their attorney. He does not know. This has been a pressing issue for him. He thinks they need to look at the numbers. As Mr. Challenger said, most people do not buy back the time. He thinks they will be surprised at how low the number will be of people not buying back time. those funds.

Mr. Chircut point out that he remembers when the multiplier for General employees was 3% ten years ago. Now it is at 2.25%. When he was hired it was at 3% and it changed to 2.25%. He has to work longer in order to get that multiplier. He has to probably five to six years more in order to get that same amount of benefit if that multiplier did not change so things happen all the time. The City looked at it and they said it was a good thing to do so that people will have to work longer, or they will get less benefit. It happens all the time. They have to make changes in order to save the plan and that is why this is all when this was done. That is why they took it into consideration.

Chairperson Nunez states that they can talk about this all day. Mr. Garcia-Linares thinks they have two options. Option 1 is to find out whether or not there is enough support to make the change of the cost. Are people ready to make a decision based upon the estimates of around \$800,000 to \$1.6 million or do they want an actual number before they make a decision? He thinks that before they spend between \$1,500 and \$2,000 dollars of the pension's money they need to know if they want that information. He thinks that is the first decision that needs to be made. Chairperson Nunez states that they need to make a decision on this and move forward.

A motion was made by Ms. Elejabarrieta and seconded by Mr. Easley to determine the full cost the actual cost versus the Actuarial cost versus 18% before a decision is made.

Discussion:

Dr. Gomez wants to make sure they have only 33 people that would be affected and that there will not be other employees coming forward before he makes a final decision on this issue. If

they had a pension fund that was fully funded, he would have no problem voting for this, but he has a fiduciary responsibility not only to the City but to the all the residents of this City. He is not ready to change this policy unless all he has a clear answer to his questions. Ms. Gomez explains that the General Excluded and Teamster employees the task was to find those employees who were hired in a certain period to review their application to see if they were hired by another public employer or had military time. So, if they did not fill out their application with that information, they will not be included in this list they have now. The selection was based on a cursory review of those individuals to see if they had that time but if they did not put it on their application that number could be incorrect. They will not get a hundred percent guarantee until the fifth year is over and they have determined who decides to purchase time. The best they can do is an estimate based on the best information they have available to them. Mr. Garcia-Linares states that there could be more employees eligible to buy back time. Ms. Gomez responds that is possible. They cannot provide complete and absolute cost. It is going to be an estimate. Dr. Gomez understands. Ms. Elejabarrieta explains that they reviewed the employees' files hired between those five years and go through their applications. Mr. Gueits states that they do know the potential pool of employees that were hired between the periods they are talking about. That should give them a close number. Dr. Gomez asks if they know who had military time for Police, Fire and General employees if anyone can provide it for the next time. Ms. Elejabarrieta responds that there were no Teamster employees with military time and she thinks about one or two for Excluded employees but for Teamster and Excluded employees their military time is calculated by the actuary, that rule is in the ordinance. Military time is not an issue for civilian employees. Mr. Gueits points out that there is a possibility that this carve-out can apply only to those employees that have prior service military service. Mr. Challenger informs that out of the 10 Police Officers he was told that there were 6 Officers who had military time. Mr. Garcia-Linares informs that they cannot limit this to just military time. Either they are going to make a change or not.

Mr. Gold sees this as a different issue. They changed the rules. He thinks their real decision is do they want to renege on what their decisions. Mr. Garcia-Linares informs that his concern was there reliance and there was no reliance on the the retirement system. He is not concerned that if they do not change it that there will be a lawsuit filed against the plan and then the plan is going to be held responsible because they never relied upon the plan. Mr. Gueits is not concerned that if we do not it that there is legal exposure. He is concerned that if they do it there is legal exposure because now everyone else is going to look to carve out an exception. If it was just for the one employee, he would vote right now to make the exception for him. He sympathizes with his particular circumstance. He was right at the cutoff. Mr. Garcia-Linares informs that is why he suggested they poll everyone to see if they need the cost in order to make a decision. Mr. Gold is not sure he needs the cost to make a decision. He is trying to make a policy decision on whether this is appropriate or not. Mr. Gueits states that part of the reason why they decided to change the policy was because there was a concern that the fund had been subsidizing the buy back because the calculation was probably not correct to begin with. Dr. Gomez should wait one more month to look at numbers. Chairperson Nunez informs that there is a motion and a second on the table right now.

Ms. Elejabarrieta states that there have been comments made about benefit changes. Most benefit changes to the pension need to be negotiated and go through collective bargaining

negotiations or need to be imposed. This is one of the few benefits to an employee that it is clear in the ordinance that the Retirement Board has the authority to change and so it is different than a multiplier. It is different than what are pensionable earnings. Every other pension change that affects an employee in terms of benefits needs to be negotiated through a collective bargaining process. This is one of the few ones that does not need to be negotiated. There is a little bit of a difference as to how these things are changed. Ms. Gomez adds that something under the purview of the of the Board are assumption rates and other things like that. So, by virtue of the Board reducing the interest rate, for example, it does make it more expensive for the City and theoretically for the Teamsters who have a cost-sharing provision. Just because a multiplier is changed it is not under the purview of the Board. But they do make assumption changes because they feel it is in the best interest of the plan and those changes do in a way affect the employees.

The motion was restated:

A motion was made by Ms. Elejabarrieta and seconded by Mr. Easley to determine the full cost the actual cost versus the Actuarial cost versus 18% before a decision is made. Motion approved (6-5).

Mr. Easley – Yes

Dr. Gomez – No

Mr. Alvarez – Yes

Ms. Gomez – No

Ms. Elejabarrieta – Yes

Mr. Chircut – No

Mr. Gueits – Yes

Mr. Challenger – Yes

Ms. Vasquez – No

Mr. Gold – No

Chairperson Nunez – Yes

Mr. Strong asks for Ms. Groome to send him everybody's name and the number of years each person is eligible to purchase so they can do the calculation. Mr. Garcia-Linares asks if there is a way to do a poll of all the general employees to try to get a more accurate number. Ms. Elejabarrieta responds that they can send out emails and a survey to the employees. A lot of the general employees do not use email or have access to email. It depends. They can. There are about 100 to 120 employees who were hired during the time frame. Mr. Garcia-Linares thinks they should try and do the poll and then have Pete do the most accurate cost account that we can do. Ms. Elejabarrieta replies that they will do something to get more information from the employees. Mr. Challenger asks if Ms. Groome has a percentage of people for the past 10 or 20 years who bought back time. He would like to know the percentage. Ms. Groome informs that she can provide that information. Ms. Gomez asks if Ms. Groome sends out a letter to every single employee at the five-year mark or does se research to see if they have time available to buy back. Ms. Groome informs that every employee receives a letter. She has that information of who was sent notification and who bought back.

Ms. Gomez asks if there is a dollar amount that the Board seems to think would be an acceptable number. Right now, it is \$50,000. Is there a threshold? From a fiduciary standpoint she thinks \$50,000 is too much to spend. Mr. Gueits did not vote for there to be a cut-off. His vote was to understand the cost. He guesses there is a separate policy issue that he is not in favor of changing. Maybe his initial vote was erroneous because that is not how he understood the motion. Ms. Gomez states that all they are doing is spending money to find out a number. She is just asking if there is a threshold amount. There is no Board error

and nothing they did wrong. She would like to know what the Board's cut off would be. Mr. Gueits states that he is not implicitly sanctioning a cut-off and if that's the case then he wants to reopen the matter and change his vote because that was not his intention. Mr. Garcia-Linares states that those who voted in favor need to know the value of what it is going to cost before they can make a decision and those that voted against it are ready to make a decision based on the policy irrespective of the cost. Chairperson Nunez states that they already have motion that was approved to get the worst-case number. Unless somebody wants to change their vote, they need to move on to the next item. Mr. Gueits states that he is going to change his vote because he does not know whether it is a policy question or information and he is concerned with where this is heading.

Ms. Groome informs that the vote has changed 5 yes votes and 6 no votes so the motion is not approved.

A motion was made by Mr. Challenger and seconded by Mr. Alvarez to grandfather employees hired prior to the change of buy back calculation of October 1 2019 to use a previous calculation of 18% of first 26 pay periods for buying back time and all new employees hired after 10 1 2019 to us calculation of buy back as determined by the actuary. Motion denied (4-7).

Mr. Easley – Yes
Ms. Gomez – No
Mr. Gueits – No
Mr. Gold – No

Dr. Gomez – No
Ms. Elejabarrieta – No
Mr. Challenger – Yes
Chairperson Nunez – No

Mr. Alvarez – Yes
Mr. Chircut – No
Ms. Vasquez – Yes

Mr. Gueits states that having been one of the members who voted last year to implement this this policy he does not see how he can reverse himself a year later. That is problematic for him. There was not any exploration of the of the 175 issue and he thinks they should have heard about that. Mr. Easley asks that since he voted for the motion, he can bring it back up to be reconsidered to allow for exclusions or inclusions of the current motion. Ms. Groome informs that it has to be a member who won the motion can bring it back up. Mr. Garcia-Linares adds that a member who voted would have to bring it back for consideration. Mr. Easley understands.

6. Investment Issues – Performance review.

Dave West reports on the September investments. He is happy to be discussing very good news. They ended up with a very strong fiscal year-end. A couple of meetings ago they discussed the rebalancing and taking a tactical more short-term decision to take money off the table in equities. They did the rebalancing and took growth money off the table. Those monies were allocated to fixed income and as it turns out looking through the market correction in September most of the fallout came with those top mega cap companies in the S&P 500 and companies with the growth orientation. They missed a little bit of the run-up on the timing. They were protected on the downside when that market correction happened during the month. As of September 30, pre-contributions, they are right on target where they want to be in equities and a little bit underweight in international and little overweight in domestic fixed

income. The rebalancing brought them back to a very neutral long-term strategic course.

Dr. Gomez asks if Mr. West feels comfortable in the position and the percentage that were in moving forward with international. Mr. West answers affirmatively. That is a very difficult investment to be comfortable with right now. Their overlying objective is to try and force returns or forecast markets but flow with the markets and take advantage of dislocations and you know extremes and opportunities and view those as potential opportunities that the market might be presenting to us. At previous meetings they talked about how extreme disconnect there was between growth and value large cap small cap. International also plays into those data extremes being a chronic underperformer for a long time, especially with values. So, they layer over on kind of a top-down historic viewpoint. If cycles repeat early into a recovery usually value and small and mid-cap stocks have tended to lead them out, historically, and then that is followed by International equity.

Mr. West informs that the fund's international managers, RBC and WCM, have done an extraordinary job and their job is to get them those companies and protect them on the downside. They have to look to those managers to continue to help them through this environment. They would not advocate overweighting International, but certainly going forward a something around a market weight around those long-term strategic targets would still be appropriate.

Mr. West continues. For fiscal year to date ending September 30th the fund was at 10.7% net. This is an estimated number. Audited statements were not available at the time of this print. They are expecting the final number to come out pretty close to this 10.7%. The three-year number was at 8.4% which was nicely ahead of the policy benchmark. The five-year number analyzes it 9.7% again ahead of the policy benchmark coming in at 8.78%. Their collective equity team gave them 16.8% and the bulk of that coming from growth and they outperformed the policy nicely. There was outperformance collectively from both domestic and international equities hitting a couple of high points. They will have the full quarterly report at next month's meeting. Value stocks were still down for the fiscal year, but the fund's value managers did well. They have a very small allocation to the mid-cap 400 Index fund fortunately for this year mid-cap stocks were at 2% for the year. It looks like for real estate for fiscal year were flat for the month. The one-year return contribution from real estate is still positive. They do have a rebalancing request in the queue with JP Morgan that was put in a couple of quarters. They are receiving a 7% distribution which equates to about \$270 million. That leaves around \$10.5 million dollars still in the queue.

Mr. West reviews the rebalancing of the fund. They received the City's contribution of \$23.8 million on October 1st. The recommendation is to leave \$8 million in the cash account for distributions in November and December. That leaves them with a net \$15.8 million for investment. So consistent with their previous discussion and consistent with moving investments and keeping investments right around policy targets they looked at the underweighted areas of the portfolio. Their recommendation was to allocate \$2 million to Eagle and \$3 million to Brandywine both in the value space. Another \$2 million invested into the S&P 500 Index Fund as part of their reloading the index fund so they have liquid investments in the event. They are nicely on the neutral line now. They invested \$4 million into international. They are still underweight in international and they wanted to bring that up a little

bit closer to targets. They invested \$4.8 million into the bond index fund to bring up that allocation. The objective was to get everything to targets and take any biases off in the portfolio.

Mr. Gold states that the Board is very appreciative of the City for the overfunding once again. It is putting the plan in better position going forward. He loves to see them all working together. Mr. West agrees. It is definitely moving very strongly in the right direction.

Mr. West makes a recommendation on the additional contribution from the City. The \$5 million additional contribution is consistent with the previous recommendations and that is to invest \$2.5 million into the mid-cap index fund. They are very light in that allocation. The \$2.5 million balance will be invested into the high-grade Garcia Hamilton portfolio.

A motion was made by Dr. Gomez and seconded by Mr. Gold to invest the additional \$5 million City contribution with \$2.5 million going to the mid cap index fund and \$2.5 million going to the Garcia Hamilton mandate. Motion unanimously passes (11-0).

7. Public comment.

There was no public comment.

8. Old Business.

There was no old business.

9. New Business.

Dr. Gomez comments that as they move in their election system process particularly local some individuals that are running for office have publicly attacked the pension board in the city for not being funded properly. That includes their investment advisor for not having a plan that it has been productive. They have stated that the fund lost \$60 million without recognizing that not only they have recuperated but as pointed out in this meeting they are ahead of their targets. He wants this on the record so the Mayor and Commission fully understand that this Board, individually and collectively, take their responsibilities very serious and are moving forward as Mr. Gold indicated with a continued cooperation in additional funding from the City to try to have this Pension Plan fully funded in the next 5 to 10 years. Chairperson Nunez believes that is a very good point to state for the record and very true in how far they have come in the last few years. He thanks everyone for taking the time. He knows some of their discussions go into heavy detail but like Dr. Gomez just said, they have been very diligent in every discussion and decision that they have made. That is how changes have been getting made and they have been making progression.

10. Adjournment.

Meeting adjourned at 9:55 a.m.

APPROVED

JOSHUA NUNEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER