

CORAL GABLES RETIREMENT SYSTEM
 Minutes of June 8, 2017
 Youth Center Theater/Auditorium
 405 University Drive
 8:00 a.m.

MEMBERS:	J	A	S	O	N	J	F	M	A	M	J	APPOINTED BY:
	16	16	16	16	16	16	17	17	17	17	17	
Andy Gomez	P	P	E	P	P	P	P	P	P	P	P	Mayor Jim Cason
James Gueits	E	E	P	P	P	E	P	P	P	P	P	Vice Mayor C. Quesada
Charles Rigl	P	P	P	P	P	P	P	P	P	P	P	Commissioner Jeanette Slesnick
Michael Gold	P	P	P	P	P	P	P	E	P	E	P	Commissioner Patricia Keon
Rene Alvarez	E	E	P	E	P	E	P	P	P	P	P	Commissioner Vince Lago
Joshua Nunez	E	P	P	P	P	E	E	E	E	P	E	Police Representative
Vacant	-	-	-	-	-	-	-	-	-	-	-	Member at Large
Carlos Fleites	-	-	-	-	-	P	P	P	E	P	P	General Employees
Troy Easley	P	P	E	P	P	E	P	P	E	P	P	Fire Representative
Diana Gomez	P	P	P	P	P	P	P	E	P	P	P	Finance Director
Raquel Elejabarrieta	-	-	-	-	-	-	-	P	P	P	P	Labor Relations and Risk Management
Manuel A. Garcia-Linares	P	E	E	P	P	P	P	P	E	P	E	City Manager Appointee
Pete Chircut	-	-	-	-	P	E	P	P	P	P	P	City Manager Appointee

STAFF:

Kimberly Groome, Administrative Manager	P = Present
Ornelisa Coffy, Retirement System Assistant	E = Excused
Alan Greenfield, Board Attorney	A = Absent
Dave West, AndCo Consulting	

1. Roll call.

Chairperson Gomez calls the meeting to order at 8:02 a.m. All Board members were in attendance except Mr. Nunez and Mr. Garcia- Linares who were excused. Ms. Gomez was not in attendance at the start of the meeting.

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 May 11, 2017.

A motion was made by Mr. Alvarez and seconded by Mr. Easley to approve the May 11, 2017 meeting minutes. Motion unanimously approved (9-0).

- 2B. The Administrative Manager recommends approval of the Report of the Administrative Manager.

1. For the Board's information, there was a transfer in the amount of \$2,700,000.00 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 May for the June 2017 benefit payments.

2. For the Board's information:

- Richard Harrington of the Police Department passed away on April 19, 2017. He retired on February 1, 1995 with No Option. His benefits have ceased.
- Ronald Bruszer of the Police Department passed away on May 16, 2017. He retired on January 1, 1992 with No Option. His benefits have ceased.

3. For the Board's information, the following Employee Contribution check was deposited into the Retirement Fund's SunTrust Bank account:

- Payroll ending date April 30, 2017 in the amount of \$181,163.75 was submitted for deposit on May 9, 2017.
- Payroll ending date May 14, 2017 in the amount of \$171,223.43 was submitted for deposit on May 26, 2017.
- Payroll ending date May 28, 2017 in the amount of \$174,499.20 was submitted for deposit on June 1, 2017.

4. Copy of the detailed expense spreadsheets for the month of May 2017 is attached for the Board's information.

5. Attached for the Board's information is a report from the GRS Death Check website showing that no death records were found from the current list of retirees' Social Security numbers as of June 1, 2017.

6. A copy of the Public Meeting notice and minutes of the meeting with the Chairperson, Board Member and Commissioner Mike Mena are attached for the Board's information.

7. A copy of the June 2017 FPPTA Newsletter is attached for the Board's information.

- 2C. The Administrative Manager recommends approval for the following invoices:
1. Gabriel Roeder Smith & Company invoice #430415 for actuarial services during the month of April 2017 in the amount of \$19,422.00.
- 2D. The Administrative Manager recommends approval of the application for employee Bo Williams of the Police Department requesting to buy back 1,623 days (4 years, 5 months, 9 days) of Other Public Employer Service time.

A motion was made by Mr. Alvarez and seconded by Mr. Easley to approve the Consent Agenda. Motion unanimously approved (9-0).

Ms. Gomez arrives to the meeting at this time.

3. Comments from Retirement Board Chairperson.

Dr. Gomez informs that after the regular Board meeting they will be joined by the City Commissioners and City Manager. Mayor Valdes- Fauli informed that he will not be able to attend due to a private family matter. He did meet with the Mayor and spoke to the City Manager about developing the agenda for today. He, Ms. Groome and Mr. Gueits met with Commissioner Mena last Thursday and spent about an hour speaking with him. Commissioner Mena will also not be at the meeting since his wife gave birth to their second child two nights ago. At the upcoming FFPTA conference there will be a video of an interview between him and Dave West. Mr. West adds that they did a taping at University of Miami Alumni Center for the FPPTA and they spoke about the success story of this Retirement System.

4. Items from the Board attorney

Mr. Greenfield reports that he and Ms. Groome have worked on filling a claim in the probate court on an overpayment to one of the participants who is deceased and they filed a formal claim with the probate court to secure their money if money is coming from the estate. They had another one and Ms. Groome has spoken to the surviving son who said he would take care of the overpayment.

On the COLA case, just to report, he has not seen a final settlement agreement. He checked the court docket and the last entry was March 20th when the participants notified the court that a settlement was in the works and nothing has happened since on record. Since they are not privy to the negotiations they do not see the end product. He is sure that it is still being worked on but it is not final yet. Chairperson Gomez asks for Mr. Greenfield to remind him what is the bottom line in terms of dollars? Mr. Greenfield informs that the settlement agreement does not have a figure.

Mr. Greenfield informs that they have had some interaction with some Board members who have had questions during the month. They have no lawsuits pending against the Board and they are not suing anyone. In regards to Ms. Groome's performance review, he has only received three of the reviews. Chairperson Gomez asks for a time table to be put in place on when the reviews are due. He asks if everyone can commit to having the reviews done within the next two weeks to Mr. Greenfield. Mr. Gueits asks Mr. Greenfield to send an email around reminding everyone.

Mr. Greenfield reports on the vendor reviews. He had a draft that was passed out at the last meeting. Since then he has come up with a different idea. He believes it would be better to use a similar form as the performance evaluation that is being used for Ms. Groome and tweak it so it is a form they can send to the Board members to fill out for each vendor. Chairperson Gomez points out that Mr. Rigl had an idea of creating a subcommittee and he wanted to know what the Board members' views are. The reason why he wants to do this is to have transparency with the public. This process is not to replace any of the current vendors. Mr. Rigl points out that the committee would be setup to review the vendor contracts. If they are going to set up a committee it would be more of a finance committee. By naming it a finance committee many other issues that come up can be brought to the committee's attention without having to poll the whole Board. One item that came up about a month ago was looking at additional space and if there was a committee that could make a recommendation they might be saving the Chairperson and Board more time. Chairperson Gomez points out that they have an Investment Committee. Mr. Rigl states that he had administrative things in mind like expenses. According to the last audit, they spent about \$352,000 in administration expenses which include everything except benefit payments and management fees. This includes all the vendors that will be reviewed as well as the staff, the insurance, the rent, etc. They only document they receive is an estimated cash flow sheet but it is not an update of what your expenses are month to month. That is the sort of thing he believes a finance committee should be looking at. Chairperson Gomez believes it is a valid point. He doesn't want to brush Mr. Rigl's suggestions under the table. He doesn't want to create a cumbersome process. He wants to keep it as simple as possible. If it helps the Board makes decisions then he thinks they need to take a look at it. Mr. Greenfield informs that the Investment Committee is by ordinance any other committee would have to be by vote of the Board. The Board could not delegate to a committee the responsibility of making a decision because that is the Board's decision. The committee can make a recommendation but the Board is the one that actually has to make the final decision. The committee would fall under the purview of the Sunshine Law so it would be advertised and open to the public. Anything the Board wants done can be done. Chairperson Gomez proposes that they look at what Mr. Rigl has suggested of creating a committee and also what they can do from the Retirement Office to address this to the Board members. Mr. Gueits thinks that if the idea was to begin to receive information organized in a profit and loss statement then in the Administrative Manager's report they can report a more detailed report of expenses. If those movements were more detailed in the Administrator's report then the Board can review it every month. Mr. Chircut asks how many purchase orders are sent out from the Retirement Office. Ms. Groome informs that there is only one purchase order and everything else is invoiced. Mr. Chircut asks if they have more than one vendor. Ms. Groome informs that the only purchase order she has is from Office Depot because they require it. Everything else she pays for is invoiced and the office pays it. That information is on the expense form she puts into the Administrative Manager's report each month. Mr. Chircut asks if the Board approves every invoice. Ms. Groome responds that the Board approves all invoices except for any invoice that is under \$1,000.00. Everything over \$1,000.00 the Board approves. Mr. Chircut would like a list of the vendors and which vendor is paid the most money on an annual basis.

Mr. Greenfield discusses the lease for the new office space. The last thing he saw was the letter of intent and then they were going to go into negotiations. He has heard nothing since then. Mr. Gueits informs that he had volunteered to reach out to the City Attorney and if he shows up to the meeting they can take that up with him. His question to him was going to be is how involved does the City need to be in approving the lease. As he understands it, the Board may or may not be its own separate legal entity. Mr. Greenfield explains that the Board has undertaken that particular

role when they decided to become an employer. They are an entity within an entity. Mr. Gueits states that in the context of a lease agreement, who is ultimately responsible? Mr. Greenfield informs that the initial letter of intent was addressed to the City and he advised that the letter should be addressed to the Board. The Board should be the tenant and not the City. Mr. Gueits asks if the Board can legally be a tenant if it is not a separate legal entity. Mr. Greenfield replies that the Retirement System does have existence by virtue of the ordinance. The City established the Board of the Coral Gables Retirement System. He believes what Mr. Gueits is asking is would a landlord be happy to take the Board as a tenant or would it want the City to be the guarantor. That is up to the landlord. Mr. Gueits asks if the City needs to review the lease. Ms. Gomez informs that she spoke with the City Attorney and it would be a direct lease between the Coral Gables Retirement System and the landlord. Leonard Roberts from the Economic Sustainability Department facilitated the conversation only because the City had done business with this landlord before and so it was asked if he could assist with drafting the agreement. Mr. Greenfield states that they have had contracts with many different vendors and they have not had an issue where someone says they didn't want to contract with the Board because they don't think the Board is a proper entity.

Chairperson Gomez asks for Mr. Greenfield to contact the landlord to get the process done and to assist in finalizing the deal without the extra space initially requested. Mr. Gueits advises that Mr. Greenfield should engage the landlord and consult with Mr. Roberts on what the Board wishes are on what the Retirement Board would like to pay. He asks for Mr. Greenfield to use his discretion on specific terms that he feels would or would not benefit the Board. He thinks that with assistance from Mr. Roberts that Mr. Greenfield can get the negotiating done. Mr. Greenfield states that he is not a real estate agent and he is not very familiar with. The Board discusses the ceiling of the amount they are willing to pay in square footage for the office space. It was agreed it would be \$32.00 per square foot. Mr. Gueits informs that Mr. Greenfield's authority is to pay up to \$32.00 per square foot but if Mr. Robert's recommends they start at \$30.00 per square foot then they should go with his recommendation and see if the landlord will agree then negotiate until they hit the ceiling.

Ms. Gomez thinks that there should be a budget as to how much is spent in furnishing the office. Mr. Gueits recommends that Ms. Groome create a detail budget on what monies will need to be spent and on what. Mr. Easley comments that he would like for the Board to seriously consider in the future looking at buying an office space when prices go down. Mr. Gold states that he would not want to be a landlord. Mr. Easley explains that they would hire a Property Management company and let them deal with everything. It is something to consider.

A motion was made by Mr. Gueits and seconded by Ms. Gomez to grant Mr. Greenfield the authority to negotiate and finalize the lease and bring back to the Board a version of the lease they can comment on and approve in August with financial terms in respect to the amount in square foot the Board is willing to pay not to exceed \$32.00 per square foot. The motion unanimously passes (10-0).

A motion was made by Mr. Gueits and seconded by Ms. Gomez that the Retirement Office prepares a budget to build out and furnish the space and present it to the Board. The motion unanimously passes (10-0).

5. Investment Issues.

Dave West reports on the May performance. The total fund fiscal year to date, net of fees, was 9.84%. They are annualizing at 13.73%. The three year number is 7.04% and the five year number is now 10.14%. They are ahead of policy which means their over and under weights that they have placed with the asset allocation is helping and the active management component continues to work giving them momentum. Mr. West reviews the managers' performance for the month. Eagle Capital fiscal year to date was at 16.86% versus the benchmark at 9.92%. MD Sass Large cap was at 11.44% versus the benchmark at 9.92%. The S&P 500 index fund was up 12.84%. Winslow Large cap was at 15.29% and Wells Capital was at 14.81%. The growth managers have been a concern and they continue to outperform on a month to month basis. The S&P 400 index fund was at 12.06%. International Equity continued to outperform and all looks good there. On the bond side with interest rates leveling out they are back to getting more positive returns. Fiscal year to date they have almost turned the corner from a negative contribution from investment grade bonds to positive contribution.

Mr. West continues with reviewing the alternative investments. The alternatives and the allocation build out continue to be a major contributor. They are at the policy minimum now for the allocation to investment grade bonds and they cannot allocate any less without being in violation of the policy. All this money has been reallocated to more productive assets. The PIMCO Disco II Fund fiscal year to date was at 11.01%. The real estate portfolio fiscal year to date FYTD was at 4.82% and 5.13%. The other assets are broken into the four alternative managers. BlackRock fiscal year to date was at 5.58%. PIMCO Tactical Ops was at 7.81%. The only alternative is the hedge fund-of-fund Titan which was at 1.56%. The whole hedge fund community continues to struggle with their returns. Titan is actually out performing its peers. The Tortoise Direct Opportunities Fund was at 18.43%. All this money that has been reallocated out of domestic fixed income and put into these assets is really responsible for the good returns. He adds that the asset allocation has really been driving the investment results.

Mr. West reviews the cash flow. As of October 1, 2016 the total fund market value was \$340,507,367. There was \$26,220,836 in contributions and \$29,800,000 in distributions of pension benefit payments. There was \$1,484,319 in management fees paid by the custodian and \$107,505 in other expenses for plan administration. There was \$5,650,066 in income and \$30,084,194 in appreciation. At May 31, 2017, the fund was at \$371,070,639 market value. He has no recommendations or action items to report. The program has momentum.

6. Old Business.

There was no old business.

8. New Business.

- a. Request from Board member Carlos Fleites to attend the National Conference on Public Employee Retirement Systems (NCPERS) 2017 Public Pension Funding Forum from September 10 to September 12, 2017 in San Francisco, CA.

Mr. Fleites states that as his new role as elected trustee of the Board he is an advocate of education and his process in learning and becoming a better trustee on the Board. He has been doing a lot of research the last six months and he has been learning a lot. He was looking into a Public Pension Funding Forum that is being held out of State and he is aware that his attendance has to be approved by the Board. There are a lot of topics

Retirement Board Meeting

June 8, 2017

Page 7

they will review at this forum that he is interested in. The agenda has been distributed to the Board members. Ms. Gomez comments that she is concerned that it is out of the State of Florida. They have an association in Florida that conducts the Trustee Schools and also has a conference. She thinks that attending the schools and conferences that concentrate on Florida pensions is more beneficial for the Board members. Chairperson Gomez agrees. Mr. Fleites informs that he has attended the school and will be attending the conference.

9. Public Comment.

There was no public comment.

10. Adjournment.

There is no Retirement Board meeting scheduled in July. The next scheduled regular Retirement Board meeting is set for Thursday, August 10, 2017 at 8:00 a.m. and will be located at the University of Miami Newman Alumni Center, 4th Floor Conference Room, 6200 San Amaro Drive, Coral Gables, FL.

Meeting adjourned at 9:07 a.m.

APPROVED

DR. ANDY GOMEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER