

CORAL GABLES RETIREMENT SYSTEM
 Minutes of March 2, 2017
 University of Miami Newman Alumni Center
 6200 San Amaro Drive
 4th Floor Conference Room
 8:00 a.m.

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

STAFF:
 Kimberly Groome, Administrative Manager
 Ornelisa Coffy, Retirement System Assistant
 Alan Greenfield, Board Attorney

P = Present
 E = Excused
 A = Absent

Chairperson Gomez calls the meeting to order at 8:00 a.m.

1. Roll call.
 All Board members are in attendance except Mr. Garcia- Linares, Mr. Gold, Mr. Gueits, Mr. Alvarez and Ms. Gomez. Mr. Gold and Ms. Gomez are 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.

Retirement Board Meeting

March 2, 2017

Page 2

- 2A. The Administrative Manager recommends approval of the Retirement Board meeting minutes for February 9, 2017.
- 2B. The Administrative Manager recommends approval of the Report of the Administrative Manager.
- 2C. The Administrative Manager recommends approval for the following invoices:
 1. GRS invoice #427890 dated February 13, 2017 for actuarial consulting services for the month of January 2017 in the amount of \$4,724.00.

A motion was made to by Mr. Hoff and seconded by Mr. Chircut to approve the Consent Agenda. Motion unanimously approved (8-0).

Mr. Alvarez arrives to the meeting at this time.

3. Comments from Retirement Board Chairperson.

Chairperson Gomez begins his report. He advises that he had the opportunity to go before the City Commission to provide an up to date status. He was joined by Mr. Rigl, Mr. Hoff and the actuary, Pete Strong. It was suggested that they have another joint meeting between the Commission and the Board members the first week in June.

At the last meeting the Board agreed to grant the Chairperson the ability to finalize negotiations between the Board and the potential hire for the Retirement System Assistant position. He asks for Mr. Greenfield to provide an update on the status of hiring the Retirement System Assistant as a Board employee. Mr. Greenfield states that he and Ms. Groome worked on a draft agreement to hire Ornelisa Coffy as an employee of the Board.

Mr. Gueits and Mr. Garcia-Linares arrive to the meeting at this time.

He drafted an agreement that Ms. Groome filled-in according to the negotiation agreements made between the Board and Ms. Coffy. The benefits were based upon if Ms. Coffy was an employee of the City and what City benefits were to be provided to her. The agreement was reviewed by Ms. Groome, Chairperson Gomez and himself. The only item missing was pension benefits. Ms. Groome contacted Nationwide which provided a package of alternatives. He read through it and did some research. He recommends using the Discretionary Employer Contribution Plan. There is an example in the information from Nationwide regarding this plan. If there was an employee who earns \$45,000 annually and he or she is eligible for a 2% discretionary employer contribution so a \$900 contribution would be made to the employee's 401(a) account. His thinking is that Ms. Coffy ought to have her own IRA and the Board gives her 2% each year to invest into her IRA. All the other plans are geared to multiple employees and not one employee. He thinks it is fair that she gets a contribution towards retirement and he

thinks for the Board the easiest way to handle it is now. The time may come where the Board has multiple employees and you would have to take another look of it.

Mr. Garcia-Linares asks why the 2% contribution. Mr. Greenfield replies because it is what the example says. Mr. Garcia-Linares states that it is just an example and he would like for the Board to be competitive. Do they know of what other plans contribute to their employees? Ms. Groome and Ms. Coffy do not have that information. Mr. Hoff asks what the City contributes to the 401a plans. Ms. Groome believes there are different percentages for the different employee groups. Mr. Chircut adds that the City contributes 7% to the General employees. Mr. Garcia-Linares informs that at his firm they give 7% and that 2% is too low. Ms. Groome suggests that she and Mr. Greenfield set up a conference call with Nationwide for a better explanation of the different plans. Chairperson Gomez believes that is a good idea. He suggests that they reach out to Bill Hanes who is the Administrator for the City of Palm Beach.

Dr. Gomez continues that in the time that he has been put in the position as the Chairperson he has been discussing with other people in pension plans how the Retirement System was operated. One of the things he found is that Ms. Groome has been put in the position of serving as Chairperson to the Investment Committee. In speaking to Bill Hanes in Palm Beach he believed this was a conflict of interest to a great extent. He spoke with Mr. Greenfield who had a similar view. Last night he received a call from Craig Leen who said he would be joining the Board for this meeting. The ordinance that made Ms. Groome as the administrator and chairperson of the Investment Committee is an ordinance from 1991. In 2011, Mr. Leen issued a legal opinion because there was a similar situation between two different Boards of the City which basically said it was a conflict. He was surprised that the legal opinion did not go to everyone in the City. In talking to Mr. Greenfield, since it is an ordinance of the City we may have to pass a resolution today removing Ms. Groome as the Chairperson of the Investment Committee to protect her. They don't have to do a resolution because legal counsel had issued an opinion already that there was a conflict of interest. He would like to remove Ms. Groome for sitting as Chairperson of the Committee and name someone else on the Board to serve as the Chairperson. Mr. Hoff wonders if they can do that. This is a City ordinance. Chairperson Gomez explains that according to the City Attorney since he issued a legal opinion in 2011 it can be done. Mr. Gueits thinks that Ms. Groome should put in resignation as the Investment Committee Chairperson. Mr. Greenfield informs that he doesn't have a problem with creating a resolution but it should be subject to approval of the City Attorney. Mr. Garcia-Linares doesn't understand what the issue is. Chairperson Gomez explains that the issue is having a City employee serve in the role as Chairperson of the Investment Committee that would be a conflict of interest. Technically, Ms. Groome should have been prevented from speaking to anyone on the Board in regards to investment matters. Ms. Elejabarrieta believes that the ordinance should be amended since it is a City ordinance. Ms. Groome thinks that the issue is that since the Board members are not able to speak to each other about issues due to the Sunshine Law and they have to go through her as the Administrative Manager and if she is the Chairperson of the Investment Committee then the Board members would not be

able to speak to her about investment issues because of the Sunshine Law. Mr. Greenfield believes that when you read the ordinance it was quite clear when it was adopted that the Chairperson shall be the Administrative Manager. Historically, the Administrative Manager was always either the Finance Director or Assistant Finance Director. So, when the Commission said “the Administrative Manager shall be the Chairperson of the Investment Committee” they never gave thought that to the fact that there would be an employee of the City acting as the Administrative Manager other than the Finance Director or Assistant Finance Director. The City back in those years this was a non-contributory plan and the City was paying 100%. The City wanted to control the finance investments. It is no longer a non-contributory plan. It has changed. Dr. Gomez thinks the Board should have Mr. Greenfield draw up a Resolution asking the Commission to amend this section of the ordinance.

A motion was made by Mr. Hoff and seconded by Mr. Alvarez to have the Board Attorney create a Resolution asking the Commission to amend Section 50-212 – Establishment, members and chairman of the Retirement Ordinance. Motion unanimously approved (11-0).

Chairperson Gomez informs that at the end of the last meeting, Mr. Gueits had a very good suggestion to invite the Mayoral candidates to address the Board. As part of his conversation last night with the City Attorney, he informed that Commissioner Slesnick had gone to legal counsel and legal counsel advised her that as a sitting Commissioner it could be a conflict of interest coming in front of this Board. He finds it troubling. He doesn't see the difference between this and having a debate. So, Commissioner Slesnick will not be attending the meeting but former Mayor Valdes-Fauli will be coming to the meeting at 9:00 a.m.

4. Items from the Board attorney.

Mr. Greenfield reports that they have had a quiet month. They worked on the issue of the full-time employment of Ms. Coffy. They have talked about one of the deceased retirees being overpaid and they are working on getting those funds back for the plan. There have been the questions of the ordinance that were just discussed and other issues that do not need to be brought to the attention of the board. He believes the Board is functioning well and believes Ms. Groome and Ms. Coffy are doing well from his perspective. He has no issues or lawsuits pending except for the COLA which they are not directly involved in but they do have an interest in. Ms. Groome worked on that this month and getting together some information that the Plaintiff's attorneys requested which was statistical information.

5. Presentation of the draft 2015-2016 audit report by BDO.

Chairperson Gomez asks Mr. Greenfield if he needs to recuse himself since BDO are his personal accountants. Mr. Greenfield advises that he does not need to.

Vince Carrodegus and Clement Johns review the audit report. He begins with the audit opinion. That is the only component of this report that belongs to the firm the rest of the report is considered a representation of the management of the plan. It goes through the responsibilities of the auditor and the responsibilities of management. He reads the opinion for the record: In our opinion, the financial statements referred to above present fairly, in material respects, the fiduciary net position of the City of Coral Gables Retirement System as of September 30, 2016, and the related changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. That is considered an unmodified opinion. The terminology has changed in the last year. That is what they desire for the pension plan.

He continues. GASB-72 is a new pronouncement that was implemented this year. It specifically relates to how the investments are classified between level 1, 2 and 3 investments. When you change auditors it is disclosed in the financial report and with the merger of the firm they immediately adopted the processes of the BDO auditing approach. There were substantial changes in what they did, how they did it and the risk that was assessed during the engagement. The overall concept of the engagement in how they assess risk is pretty much the same and there are different financial assertions for every financial account in the plan's general ledger. The results of the risk assessment have completely changed this year and for the most of the auditing personnel is the same but the audit approach was completely different.

Pete Chircut asks what the difference is from what they did last year to what they did this year. Mr. Carrodegus responds that the risk assessment process changed. They always assess risk when they go through the financials but now instead of assessing the categories generally by risk is what was done differently. The assessment of risk is at a much higher detail and it is a lot more formal under the BDO audit approach. The sampling went up about 25% more items this year on everything tested across the board.

Mr. Carrodegus continues reviewing the report. There has been about a \$9 million swing from the prior year in total assets and they list an expectation for every swing. The cash was up about \$2.2 million from the prior year. Overall liabilities were down \$2.8 and that was driven by the payables for securities purchases. Those were the significant changes from the prior year. Next, Mr. Carrodegus goes over the Statement Changes in Fiduciary Net Position. The largest change in total additions overall were about \$23.8 million increase from last year which was driven by a series of changes starting with the City contribution. The biggest single swing is the net appreciation in fair value which increased to \$22,957,513 vs. \$2,131,205 last year. That was driven by benefits paid out. There was nothing there they saw out of the ordinary.

Clement Johns reports on the notes of the Financial Statements. The note adds more information and gives more detailed descriptions of the items in the report. Note 1 is the description of the plan. The most significant changes are in Note 2 because it has details of the implementation of GASB 72. This required a more detail information on how they

represent the fair value of the investment portfolio. The GASB 72 established a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. It created three levels for investments. Level 1 are investments traded in an active market with available quoted prices for identical assets as of the reporting date. These are securities that are domestic and international equities. Level 2 are investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date. These are securities that are government and agency corporate bonds. Level 3 are investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date. These are like the real estate and venture capital investments. There is also a comingled category these are not in the market every day. Mr. Carrodegua adds that as part of the new audit approach, BDO has a valuation that values level 2 and level 3 assets so typically in the normal routine process of the audit when an audit team runs into valuation issues they typically take those investments and refer them to the valuation team. The legacy firm of GSK had so much significant depth in these types of valuations that they were already doing what the national valuation team was doing. It doesn't preclude them in the future referring to the valuation team. They do have group within their firm that provides that depth of knowledge.

Mr. Johns reviews the Sensitivity of the Net Pension Liability to Changes in the Discount Rate. What it does is it looks at the current discount rate of the plan and says what the City's liability would be if it went 1% higher or 1% lower. If you were 1% less than 7.75% you would have a liability of \$268,949,110 and if you increase it to 8.75% you would have a liability of \$175,090,373.

Mr. Johns reviews the Supplemental Disclosure. The total pension liability was \$560,402,156 with a plan fiduciary net position of \$342,189,550 and this leaves the City net pension liability at \$218,212,606. The net pension liability for 2015 was \$229,101,505 putting the plan fiduciary net position as a percentage of total pension liability at 61.06% vs 59.02% in 2015. The Schedule of Contributions by Employer shows that the City has contributed more than the required contribution for the past few years. This is in an effort to try and pay down the unfunded liability. He reviews the investment and administrative expenses schedule and concludes the report.

Chairperson Gomez asks if they have the proper policy and procedures in place. Mr. Carrodegua responds that in terms of the financial statements they are required to assess the processes, policies and controls with respect to how you manage the pension. It is substantially more limited than an operating company. They reassess it every year. Based on that, they decide whether they will test and rely or not test and not rely and increase their level of substantive procedures. They don't give them an opinion on their controls and the policies that drive those controls but only assess them in respect of the risk assessment and on procedures. They would issue a management letter stating if there was a problem or they solved an issue. In this case they do not issue a report that indicates that. Ms. Groome informs that she can provide the Board the controls

document she fills out for the auditors every year. Chairperson Gomez would like for the whole Board to receive it.

A motion was made by Mr. Hoff and seconded by Mr. Easley to accept the draft 2015-2016 audit report. Motion unanimously approved (11-0).

6. Discussion of review/evaluation of Retirement Board vendors.

Chairperson Gomez states that he spoke with Mr. Greenfield about developing a process to review all their consultants. His intent is not to call for a Request for Proposals. They have been very fortunate to have great consultants including their attorney but as a public entity it is appropriate given their fiduciary responsibility to review the consultants they have serving the Board. Mr. Hoff comments that the Board has already voted on a procedure. It is that the Board will do an RFP for each consultant every three years. There is a State of Florida requirement for the 175 and 185 funds that says they will do a review every three years. It does not apply to this Board. At the time they did a motion for the RFP, and it came about at the same time as the issue with the previous actuary. He still believes that if it is good enough for the 175 and 185 Boards then it should be good enough for this Board. Now that Ms. Groome has a full-time assistant he definitely believes the RFP's can be done. Ms. Groome informs that for the 2017 year it will be an RFP for the attorney and the custody bank. Chairperson Gomez asks if they have a need to do an RFP every three year. Mr. Hoff answers affirmatively. The RFP doesn't mean they will have to make a change but he feels it is the Board's opportunity to do a review and to say we have the best vendor for the position. Mr. Garcia-Linares understands that is what they passed but it is a big burden on the Board and a big burden on the Administrator every time they do one of these RFPs. They have to prepare it all, they have to publish it and then the Investment Committee reviews all of them. Take the custodial bank. If their investment consultants have clients with other custodial banks and they haven't come to this Board to say they have seen a problem with their custodial bank. If the Board wants to do it they can go through with it but this is not an easy process. Mr. Nunez asks how they can do some sort of assessment or standard across the Board that would fit everybody. What would be a fair assessment to make sure they do have the best vendor? Chairperson Gomez asks how the Board would like to proceed. He thinks Mr. Garcia-Linares' point is very valuable. Mr. Hoff disagrees. It is a lot of work. Mr. Easley thinks the Board should take their time and come up with a standard checklist to evaluate vendors instead of making a hasty decision. Mr. Rigl asks how many vendors they have. Ms. Groome responds that there are six vendors. Mr. Rigl states that he would like a listing of what exists now and how much they are paying them. Chairperson Gomez thinks that is a good idea to start with and then he will discuss this further with Mr. Greenfield and then come back to the Board.

7. Old Business.

There was no old business.

Retirement Board Meeting

March 2, 2017

Page 8

8. New Business.
There was no new business.
9. Public Comment.
There was no public comment.

Mr. Greenfield revisits the contract for the assistant. Ms. Coffy's start date is scheduled for March 6th. They are not going to have another meeting between now and March 6th. It seems to him that it would be appropriate for the Board to give authority to Chairperson Gomez to execute the employment contract once they get the information about the pension because the other information they have has been circulated. It is a written offer for at-will employment by the Board with the acceptance of the employee. He has a one page draft of the contract. It is read into the record.

The City of Coral Gables Retirement Board (the "Board") is pleased to offer you the position of Assistant to the Administrative Manager of the Coral Gables Retirement System. In this position your immediate supervisor will be Kimberly V. Groome, the Administrative Manager.

You are familiar with the duties which you will be expected to perform inasmuch as you have been employed by the City of Coral Gables as a part-time employee to assist Ms. Groome.

You will be provided a base salary of \$40,000.00 annually, paid bi-weekly with benefits as noted in the attached exhibit entitled: Benefits for Retirement System Assistant.

1. **Wages.** A two and one-half percent (2.5%) merit increase upon receiving an evaluation of 2.5 or above beginning a year after full-time retirement. A loyalty payment of three percent (3%) after ten (10), fifteen (15), twenty (20) and twenty-five (25) years of service increase. The merit and loyalty amounts may change in accordance with the changes the City of Coral Gables affords their excluded employees in the future.
2. **Insurance allowance.** The amount of \$800.00 monthly will be an allowance to the Assistant for health insurance, dental insurance, vision insurance and life insurance and will be adjusted in accordance to the amount in health benefits provided to City employees upon any changes in the future.
3. **Annual Leave.** The Assistant will receive 80 hours of annual leave the first year of full-time employment. The initial 80 hours will increase 8 hours every year of employment (schedule attached). The annual leave is accrued yearly up to a maximum of 300 hours.
4. **Sick Leave.** The Assistant will receive 96 hours of sick leave per year. The sick leave is accrued yearly up to a maximum of 400 hours.

5. **Holiday Pay.** The Assistant will be paid for the following holidays as granted under existing City policy: New Year's Day, Dr. Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, Day after Thanksgiving, Day before Christmas, Christmas Day, Floating Holiday (3 days).
6. **Rest Break.** The Assistant will have a break of one hour for lunch daily.
7. **Family Leave.** The Assistant is entitled to leave of absence in accordance with the Family and Medical Leave Act of 1993.
8. **Bereavement Leave.** The Assistant may be allowed up to ten (10) work days of bereavement leave with pay in the event of the death of the current legal spouse, mother, father, son or daughter of employee (whether natural, adopted or step). The Assistant may also be allowed up to five (5) work days for death of any other immediate family member or relative (immediate family member is defined as sister, brother, grandmother, grandfather, mother-in-law, father-in-law, sister-in-law, brother-in-law).
9. **Jury Duty Leave.** If the Assistant is summoned to jury duty by a court of competent jurisdiction, time off with pay will be granted. Once released from jury duty, proof of time served on jury duty is required.
10. **Tuition Reimbursement.** The Assistant may apply for tuition reimbursement for courses in a degree seeking accredited educational program that is job related in accordance with the following provision: show proof of satisfactorily completing the course within 45 days; if grade of the course is an A, B or C then reimbursement of the course will be granted in accordance to the current Teamsters Local Union 769 Agreement 10/1/2015 – 9/30/2017. According to this agreement, the allowed tuition reimbursement amount is \$1,500.00 per semester and \$6,000.00 per calendar year.
11. **Pension.** To be determined.

Your start date, should you choose to accept this offer, will be effective as of March 6, 2017. You will be working at 405 Biltmore Way, Coral Gables, FL 33134 or such other place(s) as may be directed by Ms. Groome or the Board. In order to fulfill Federal identification requirements, you should provide Ms. Groome with documentation to support your identity and eligibility to work in the United States.

Your normal work hours will be from 7:00 AM to 4:00 PM, Monday through Friday. You may also be required to participate in off-hours dictated by the needs of the Board or the Administrative Manager.

Please note that your employment with the Board is for no specific period and constitutes "at will" employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Board is free to terminate its employment relationship with you at any time, with or without cause.

Please sign and deliver to me a copy of your acceptance, to confirm whether you accept the offer described herein.

We are pleased to have you as a full-time Board employee and look forward to many years of our working together.

Ms. Elejabarrieta asks if Ms. Coffy will be receiving \$800 for medical insurance that is paid by the Retirement System or will she be on the City's insurance. Ms. Coffy responds that she will be on her husband's insurance. Ms. Groome informs that the \$800 is for health insurance, dental insurance, vision insurance and life insurance. Mr. Hoff states that this was the Board's only option because they could not put her on the City's health plan. Ms. Elejabarrieta understands. She believes the wording should be "allowance" instead of "reimbursement." She adds that it seems the intent is to mirror the benefits of the City and if any of those options change there should be wording advising that those benefits can change.

Mr. Garcia-Linares asks how the accumulation of benefits works. Ms. Groome responds that the time is allowed to be cashed out and rolled over. Mr. Garcia-Linares states that he is uncomfortable with that and recommends that it all leave time be changed to PTO days and give her a certain amount of PTO days year and if she doesn't use them she loses them. Ms. Elejabarrieta advises that they need to keep in mind that it does not mirror what the City employees receive. Ms. Coffy informs that she is comfortable with receiving the PTO time and if she does not use it she will lose it. Chairperson Gomez asks if the Board members are comfortable with Mr. Greenfield's suggestion giving him the authority to finalize the contract for hiring Ms. Coffy as a full-time employee of the Retirement System.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Easley to authorize Chairperson Gomez the authority to finalize the contract for the hiring of Ornelisa Coffy as a full-time employee of the Retirement System. Motion unanimously approved (11-0).

Craig Leen, City Attorney, arrives to the meeting. Chairperson Gomez asks for him to address the issue of city employees being put in positions to sit as board representatives. Mr. Leen informs that one concern he had with the City was it had a lot of administrative staff members on a Board which could cause a lot of Sunshine Law issues. The administrative staff member has to serve as the secretary of the Board and they have to help and assist other Board members with things that are going to come before the Board. They had a practice of having a lot of staff members on the board and whenever he becomes aware of them he always alerts people to his opinion and the position of the City is that they would prefer that the individual still help the board but not be on the board. Mr. Greenfield advises that he was not familiar with the rules and regulations as to other boards. The ordinance is fairly specific in regards to the pension plan because it says the Administrative Manager shall be the Chairman. Not only is the

Administrative Manager a member but shall be the Chairman. He did not believe the Board had the right to change it. He thinks they can ask the Commission to amend the ordinance so that it does not have the mandatory language as it currently has. He does not think that the City Attorney's opinion goes to the point of amending the ordinance. Mr. Leen thinks the opinion takes the position that the line is essentially inconsistent with State law. Based on the duties of the Administrative Manager there is no way to do both of the positions. It is a direct issue with the Sunshine law. Mr. Garcia-Linares asks why it doesn't apply to other City employees that are also holding different positions. Mr. Leen uses the Finance Director as an example. The Finance Director has been instructed on the Sunshine Law and understands that she cannot speak to any other Board member individually in regards to matters of the Board. However, the Administrative Manager needs to communicate to the Board members about everything on a regular basis. In the past they told the person they could no longer hold the position on the Board and then asked the Commission to amend the ordinance. Ms. Elejabarrieta agrees that the Board should request to have the ordinance changed. Mr. Greenfield advises that in his opinion Ms. Groome should have a non-voting position on the Investment Committee. Mr. Leen suggests that she acts as administrative staff.

Chairperson Gomez asks for update on the COLA. Mr. Leen advises that there will be an Executive Session with the Commission on March 14, 2017. There will not be any further mediation sessions; they are waiting for the final proposal. That is all that he can say because of the mediation rules. The mediator has received a Court Order allowing the mediator to attend the Executive Session by order of the judge on the case. Mr. Greenfield asks if motions for summary judgements been filled by both parties. Mr. Leen answers affirmatively. They are pending for decision by the judge on March 20, 2017. Raul Cantero will argue for the City along himself and Mr. Cohen will argue for the class. He is still hopeful that they can come to a resolution.

12. Attendance of City of Coral Gables Mayoral Candidates Mayor Raul Valdes-Fauli (Time Certain 9:00 a.m.) and Commissioner Jeanette Slesnick (Time Certain 9:30 a.m.) informing the Board about their ideas on the current status of the Retirement System.

Chairperson Gomez welcomes Mayoral Candidate Mayor Raul Valdes-Fauli. He advises the Board that he invited both Mayor Raul Valdes-Fauli and Commissioner Jeanette Slesnick to the meeting just to bring them as to where the Retirement System is as of right now. Mayor Valdes-Fauli greets the Board and explains that he felt that attending the Board meeting was very significant opportunity for him. He welcomes the ability to express his duties to the Board as well as to hear the concerns of the Board members. The position of Mayor is a very important one in that the Mayor represents the City and speaks for the City. Many people do not understand the power of the gavel and the power to control the agenda in City business. By the same token it is also their responsibility to provide for the City residents. The biggest function of the City is to provide public safety but also quality of life services such as rescue and fire and other services provided by general employees. That also imposes on the City to provide for their employees who are provided for these services to the citizens. Pensions are very much a part of that vision. In the past he doesn't believe the Commission has been aware of the decisions the Board

makes on risk factors, actuarial assumptions, volatility factors and meeting funding requirements. It is a significant, important and crucial part of their City finances and to how the City functions. These types of decisions can place cities into bankruptcy and the City of Coral Gables was once in bankruptcy in 1927. He hopes that doesn't happen again. He then opens the floor for questions from the Board members.

Chairperson Gomez states that he had the opportunity a few weeks ago to go in front of the Commission at the request of the Board which he would like to make a common practice so the Commission is brought up to date with what is going on with the Retirement System. He also met with a manager one on one. The purpose was to establish a better working relationship between the Board and the City. Mayor Raul Valdes-Fauli adds that when he was Mayor there was no relationship at all with the Retirement Board. Chairperson Gomez advises that the Board has had at least one or two workshops with the City Manager and the Mayor and then with the Commission. We plan to do that again at their June meeting. He adds that returns on the investments alone cannot fund the pension system. The average funding at the State is in the mid-70s and they are funded at 60% or 61%. As a City resident he is not in favor of raising taxes or passing any bonds to mortgage the future on his children or grandchildren but there is still a funding liability. He asks Mayor Valdes-Fauli what he thinks. Mayor Valdes-Fauli informs that he is very much opposed to the bond solution. He also does not want to mortgage their future to pay themselves in the present. In his business he would never borrow to make his payroll and this would be equivalent to that. It is the City's obligation to provide for their own and the City has to meet its requirements and obligations. It is a pity that they are at 60% versus 70% which is the State average and that should not have happened but it is there and the City has to meet their obligations to provide for funds in order to come up to a safe standard whether that is 70% or 80%. It is their duty to provide for that. That goes into downtown providing for 45% of their taxes and their duty to continue making the downtown vibrant and development vibrant in order for them to have the funds to come up with these moneys that are necessary in order to have a safe pension plan funding. Chairperson Gomez adds that under Mayor Cason and this administration the City has kicked in an additional \$3 million to the funding of the plan. Mayor Raul Valdes-Fauli replies he is very much for that. The City has to kick in to pay this very essential part of compensation to their employees. The pension is an extremely important part after someone dedicates "x" number of years of their life to the City and the citizens. He talks about the COLA. He retired as Mayor in 2001 and after twelve years of service his pension was \$699.92. Today his pension is \$699.92. Is that adequate, fair or just? He does not know. That is one side. The other side is can the City afford it. He is glad this Board is here to consider that and advise the City one what should be done.

Mr. Garcia-Linares asks what other issues he is running on. Mayor Valdes-Fauli informs that it is the continuing provision of public safety. That is the main issue that people care about. He loves this City. If a flower can be a controversy for a few months in the City, other cities deal with corruption, safety, rape in schools, etc. He loves that they are discussing a flower. He is concerned with safety and traffic. They have 705,000 cars

running through the City daily and his platform is to try and keep those cars outside their residential neighborhoods by lower the speed limit and making traffic calming devices. They have closed circuit cameras and license plate readers which also can be used to enforce the speed limit if they are placed in the right place. Traffic is a big issue. He is also for measured, smart, sensible development within their downtown area. If you compare Miami Shores with Coral Gables in the 1970s they were the same. If you go to Miami Shores today and then to Coral Gables today, compare the level of services and the vibrancy of their community. He would rather be in Coral Gables. He is for measured development within their zoning code. The big controversy now is Paseo and the project where the Collection is. He thinks it is an embarrassment for them where 400,000 cars pass a day they are parking lots. Residents in the MacFarlane Homestead section face a parking lot. He doesn't think that is right and those they should have some sensible and logical development there. Imagine having a parking lot in front of your house on Granada or Sevilla. It would not be tolerated. He thinks they are a great city and should continue to be a great city. He is concerned about the future of Coral Gables in this election. It is a very important election and he doesn't want to go back to what Coral Gables was forty or fifty years ago. Chairperson Gomez informs that he has spent all his life in education. One concern he has is that the majority residents of Coral Gables send their children to private schools because the public schools within the City are still weak. Mayor Valdes-Fauli informs that when he was mayor he was very active in recruiting multi-nationals to come to Coral Gables and fill their buildings and was successful. One of the arguments he got from executives in Dallas and Syracuse was we had very low tax rates and there is no State income tax but there is a hidden tax in that the schools were so bad that they were forced to send their children to private school. It is a big problem. As mayor he tried to get some kind of success in defining the boundaries of their schools so that more Coral Gables children would attend the schools in Coral Gables. He thinks the education of their children is a vital issue. Mr. Rigl asks about Charter Schools. Mayor Valdes-Fauli believes that is a huge controversy and he is not qualified to opine on that. Some people are very much against Charter Schools and some say that is a solution. He believes that their public school system should be the best possible. Mr. Hoff states that over the last few years the City has contributed \$26 million per year and the excess that Chairperson Gomez spoke about is between the retirement contribution and the excess. Is he committed in continuing that \$26 million amount until the unfunded liability reaches an acceptable level? Mayor Valdes-Fauli responds that he is committed to the last part of the statement but he is not committed to a set amount but is committed to the excess until the unfunded liability reaches an acceptable level. As he said they have to provide for their own and he is committed to that. Mr. Gueits asks about increasing the tax base with the annexation of High Pines and Little Gables. Mayor Valdes-Fauli informs that when he was mayor they annexed Snapper Creek, Hammock Lakes, Pine Bay Estates and Kings Bay. He walked Mendoza which is the northern most part of Coral Gables area and Mendoza is a very nice street. The Coral Gables side is nice but the other side has some homes that are not in good shape and that lowers the quality of the neighborhood. He is for annexation of Little Gables and High Pines. He thinks Little Gables is right in the middle of Coral Gables. They surround Little Gables and the city would provide better services for them. A survey of the residents of Little

Gables went out a few weeks ago and he hopes they say yes. Mr. Alvarez states that they do not have enough police officers and the City wants to kick the can down the road and do more studies about it. Will he be committed into making sure they have an adequate amount of police officers? Mayor Valdes-Fauli answers affirmatively. He thinks that there is light at the end of the tunnel. Last year they had about 347 applications and in January they had 140 applications. They are advertising everywhere. Chairperson Gomez states that the University of Miami is a business like any university. Would he be willing to open up negotiations again and look to see how the University of Miami could contribute more than what they currently do? Mayor Valdes-Fauli is for that. When he was mayor he thinks that was the first time the University contributed anything to the City. The relations were horrible. He remembers several times going to his office in City Hall and passing by the City Manager's office seeing Tad Foote (past University of Miami President) sitting and waiting for the City Manager and then about 45 minutes later when he was leaving City Hall Tad Foote was still sitting and waiting to see the City Manager. He improved those relations between the University and the City. University of Miami is a great resource for the City and at the same time they are in the middle of the City and they have a responsibility. The contributions with taxes are an important part of their duty to the City. Other private universities have contributed to their cities. Chairperson Gomez thinks that the City provides many services to the students and the employees. Mayor Valdes-Fauli agrees. Chairperson Gomez states that the University could play a bigger role with the local schools in Coral Gables. They had a wonderful relationship with West Lab then it got cold but now it is a little better. He thinks that the University could do much better. Mayor Valdes-Fauli states that he tried to get the students involved with the election but the students could care less about local elections. He was invited to a forum in the Student Union and three people showed up. Chairperson Gomez informs that they got much more active and a little better with the local elections when Donna Shalala was President. There were no more questions for Mayor Valdes-Fauli. Mayor Valdes-Fauli thanked the Board for the invitation to speak to them.

Mr. Rigl states that with Jeannette Slesnick not being at this meeting he thinks it is unfair but he is not sure what they can do about it. The reason she is not at the meeting is because she is a Commissioner and she has to resign as Commissioner at some point. Chairperson Gomez understands but he is troubled by her decision to not attend this meeting as he stated before. They have held several workshops and the Commission and Mayor have come. They hold debates about these issues in public. He doesn't understand her decision and it is very unfortunate. Mr. Rigl thinks they should make some attempt to accommodate her. Chairperson Gomez responds that he did. He met with her. He is more than willing to accommodate her. Mr. Gueits asks if the City Attorney gave that opinion. Chairperson Gomez answers affirmatively. Commissioner Slesnick went to the City Attorney yesterday and asked for his opinion on whether she should attend this meeting and the City Attorney and Deputy City Attorney did not recommend she do it.

13. Adjournment.

The next scheduled Retirement Board meeting is set for Thursday, April 13, 2017 at 8:00 a.m.
Location to be announced.

Meeting adjourned at 9:51 a.m.

APPROVED

DR. ANDY GOMEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER