

CORAL GABLES RETIREMENT SYSTEM
 Minutes of February 11, 2016
 Police Community Meeting Room
 2801 Salzedo Street – Police Station Basement
 8:00 A.M.

MEMBERS:	M	A	M	J-11	J-25	A	S	O	N	J	F	APPOINTED BY:
	15	15	15	15	15	15	15	15	15	16	15	
Andy Gomez	P	P	P	P	P	P	P	E	E	P	P	Mayor Jim Cason
James Gueits	P	P	P	P	P	E	P	E	P	P	P	Vice Mayor C. Quesada
Charles Rigl	-	-	-	-	-	P	P	P	P	E	-	Commissioner Jeanette Slesnick
Michael Gold	-	P	P	P	P	E	P	P	P	P	-	Commissioner Patricia Keon
Rene Alvarez	P	E	P	E	E	P	P	P	P	E	P	Commissioner Vince Lago
Joshua Nunez	P	P	P	E	P	P	P	P	E	P	P	Police Representative
Randy Hoff	P	P	P	E	P	P	P	P	P	P	P	Member at Large
Donald R. Hill	P	P	P	P	P	P	E	E	P	P	P	General Employees
Troy Easley	P	P	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
Elsa	P	P	P	P	P	P	P	E	P	P	P	Human Resources Director
Jaramillo-Velez												
Manuel A. Garcia-Linares	P	P	P	E	P	P	P	P	P	P	P	City Manager Appointee
Jacqueline Menendez	-	-	-	-	-	P	P	P	P	E	-	City Manager Appointee

STAFF:
 Kimberly Groome, Administrative Manager
 Dave West, The Bogdahn Group

P = Present
 E = Excused
 A = Absent

Chairperson Hoff calls the meeting to order at 8:11 a.m.

1. Roll call. All Board members are present for Roll call except Mr. Troy Easley who is excused.
2. Consent Agenda.

All items listed within this section entitled "Consent Agenda" are considered to be self-explanatory and are not expected to require additional review or discussion, unless a member of the Retirement Board or a citizen so requests, in which case, the item will be removed from the Consent Agenda and considered along with the regular order of business. Hearing no objections to the items listed under the "Consent Agenda", a vote on the adoption of the Consent Agenda will be taken.

- 2A. The Administrative Manager recommends approval of the Retirement Board meeting minutes for January 11, 2016.

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 #419064 dated January 6, 2016 for actuarial consulting services for the month of December 2015 in the amount of \$12,978.00.
2. The City of Coral Gables invoice #94459 for the rental of City's public facilities in the amount of \$1,479.00 (\$499.00/month) and general liability insurance in the amount of \$972.00 (\$324.00/month) for the months of January thru March 2016.

A motion was made to approve the Consent Agenda by Mr. Manuel Garcia- Linares and seconded by Rusty Hill Motion unanimously approved. (12-0)

3. Items from the Board attorney.

Mr. Randy Hoff announces that the Board attorney Mr. Greenfield is ill with severe Bronchitis and will not be able to attend the meeting. Mr. Hoff was updated on the items that Mr. Greenfield was to discuss. Mr. Hoff continues advising that the City amended the Nyhart case to include Randal, Stanley and Associates. There is a hearing coming up on the COLA on the 26th of February. Diana Gomez adds that the City Attorney Craig Leen advised he would try to stop by the meeting and Mr. Hoff adds that they can revisit the agenda item if needed.

4. Presentation of the 2015 State Annual Report and final 2014-2015 audit report by Goldstein Schechter Koch. Kimberly Groome advises that the representatives may be at the Youth Center due to the change in the meeting location. Mr. Hoff advises that the item will be returned to.

5. Discussion of who should complete the review of performance on the Employee Performance Evaluation form for the Administrative Manager.

Dr. Gomez asks for Diana Gomez to bring everyone up to date as to what the process has been. Diana Gomez begins advising that in previous years the Assistant Finance Director did the Evaluations. Diana adds that she is not sure why and Kim Groome then adds that before the Administrator was hired by the board the Administrator was the Assistant Finance Director so the same process was kept and not changed. Diana as the Finance Director then adds that the issue is that she does not exactly direct the Administrator or gives her work to do. As a trustee she reviews some things but the board is the one that gives her work to do and so she doesn't believe that she assigns work to the Administrator. Mr. Hoff adds that when the item was placed on the Agenda he contacted Kim to have her research what other Administrators do. Mr. Hoff adds that he would like to share the results for the record Coral Springs Administrator advises she is a city employee and the HR director does the evaluation. City of Miami says they have a personal committee board and they conduct an annual evaluation of the Administrator

and the Administrator conducts and annual evaluation of the staff. City of Miami Beach Fire and Police do not have a formal performance evaluation they present a review of the annual accomplishments and request an increase amount and the board as a whole votes on it. Pompano General Administrator advises that he/she's review is done by the board at a board meeting. Each trustee fills out their own evaluation form with comments and ranking. The chairman collects them and summarizes everything for discussion. Pompano Police and Fire a performance appraisal is done annual by the board chairmen and vice chairmen. Mr. Hoff then recommends that the Investment Committee meets to complete the evaluation and to then present the evaluation and have it open for discussion. Elsa Jaramillo-Velez then adds that she does not believe that only the committee should do the evaluation as each member of the board agrees on the Administrators assignments. Manuel Garcia-Linares then adds that he agrees and that he to likes the idea of the entire board doing the evaluation and then Mr. Hoff the Chairmen then combines the evaluations . Diana then adds that the city form could be used. Mr. Manuel adds that this year the board could use the city form but if it is decided that the city form is not agreed on by the Board that another form will be created. Dr. Gomez adds that he would like to take the discussion a bit further and input that the Administrator at each Fiscal year should have goals that should be set to be accomplished. Dr. Gomez goes on to add that the Administrator is to be evaluated by these goals as well. Mr. Hoff then adds that he also believes that the board should be doing a RFP every year. Diana then explains that it will be difficult to switch over the providers every 3 years. Mr. Hoff adds it is not to switch the provider but to simply do an evaluation of the vendors.

Mr. Hill then says that this should also apply to the Administrator Assistant and Elsa replies that the Assistant reports to the Administrator and the Administrator will do the reviews for the Assistant. Dr. Gomez adds that he agrees with Manuel Garcia-Linares in having each board member do the evaluations for the Administrator.

A motion was made by Manuel Garcia Linares to have the entire board participate in the evaluation of the Administrator. The motion was seconded by Dr. Gomez. Motion unanimously approved. (12-0)

Diana then adds that the evaluations are due in December and so each evaluation must be sent to the Board Attorney and then forwarded to the Chairperson. Elsa then adds that there should be some procedure and Kimberly Groome should work with procurement to create a procedure if there is a protest.

A motion was made by Diana Gomez to begin an evaluation on a provider and then continue two each year beginning with the eldest vendor. The motion was seconded by Dr. Gomez. Motion unanimously approved. (12-0)

6. Investment Issues.

Mr. Dave West from the Bogdahn Group begins advising that there are no manager issues. Mr. West then asks for the Boards attention to page 7 in the Investment Performance Review for the Quarter Ending December 31, 2015. The shaded gray area shows the actual net cash flow into the plan the cumulative from 12/15 was \$139,839,856 and the blue line above that shows independently the growth in investment accumulated in dollar form at \$355,605,705. On pg. 11 the total fund for the year over year period

ended in December and we ranked in the 9th percentile. The three year rolling at 9.43% the fund ranked in the top decile. The five year at 8.64% and the 6th percentile. Asset Allocations have been driving up peer group allocations and has been a very good factor in trying to achieve a nice absolute return. The asset management element has not given the extra to give the extra peer group boost needed. All of the managers are in compliance with the very solid peer group rankings. The strongest being the revamped International Equity Portfolio. WCM and RBC just continued to give great returns. Mr. Gold then asks where does Bogdahn get the standing from? What institution is Bogdahn getting to compare, is it other pension accounts, other institutional accounts, is it foundations or is it everything? Mr. West begins to advise that the peer group that is being used is a peer group that is subscribed to which is a database that pulls from public pension systems across the country. There is both very small and large systems and it is a very broad range set of systems. The Total Fund net was down 4.14% on a year over year basis. Mr. West explains it has been a tough quarter. Mr. West continues adding that there was not a lot of support from the active management element. Most the managers underperformed from the equity stand point. The only manager to outperform was WCM. The MD Sass portfolio was the worst hit given their stock position in the portfolio. Troy Easley then asks if the 5.75 % puts into question if there is a wrong number that was put into as a long term target. Mr. West then answers that the board should be careful because that rate of return number is set with very long term assumptions in mind. He continues adding that unfortunately two negative periods but looking at the rolling experience there has been times where Bogdahn has been able to achieve the 7% . Mr. Easley then adds that every year that the Retirement System does not achieve their goal the system creates an additional payment for the City of Coral Gables to pay. Mr. West adds that every rolling 5 years smooth that does not make the 7% will cause the additional payment. Mr. Gold then asks does Bogdahn use forward looking or backward looking capital market assumptions. He continues adding that he is asking because looking backward of the past 30 to 40 years backward looking capital market assumptions will assume higher rate returns because bonds are doing really well. Mr. Gold adds that looking for the next 30 years he doubts that rate assumptions will be that high considering interest rates are today although they keep going lower. He then asks Mr. West what he assumes moving forward looking at long term rates of return. Mr. West answers that Bogdahn uses both. Mr. Dan Johnson adds that Manny makes a very good point in regards to the 5.75 trailing number since 2003. He adds if you look back 20 years the Board has hit it and looking at the past seven years we have done it but looking at the interim period including 2003 and the financial crisis as it relates to the Retirement Boards numbers looking over the past seven years the system has hit 9.78 % per year for seven years. Mr. West continues advising basically there was a six year period from 2003 to 2009 where there was a six year number that was negative and the System has been able to rebound and reverse that issue. He adds that The Board has exceeded at 9.78% per year on an annualized basis and that is very strong results. Mr. Garcia – Linares then asks what the reality is going forward that the Board will be able to continue to keep up with hitting these numbers. Mr. West then asks if everyone could turn to page 3 which shows the quarterly report. He advises that The City of Coral Gables Retirement System is a very big plan and it has

7. Old Business.
8. New Business.
9. Public Comment.
10. Adjournment.

The next scheduled Retirement Board meeting is set for Thursday, March 10, 2015 at 8:00 a.m. in the Police Community Meeting Room, Police Station, 2801 Salzedo Street, Coral Gables, FL.

Meeting adjourned at 9:44 a.m.

APPROVED

RANDY HOFF
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER