Chairperson Hoff calls the meeting to order at 8:13 a.m.

1. Roll call. James Gueits, Jacqueline Mendez, Rene Alvarez and Elsa Jaramillo-Velez were all excused from the meeting. There was a quorum.

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 12, 2016.

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 $2,900,000.00 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 2016 benefit payments.

2. For the Board’s information:
   - Digna Gallo, Payroll Clerk for the Fire Department, passed away February 10, 2016. She began receiving retirement benefits January 1, 1992 and chose No Option. Her benefits have ceased.
   - Walter Lesser, Zoning Inspector, entered the DROP on June 1, 2011 and left the DROP on May 31, 2016. He received his first retirement monthly benefit on June 1, 2016 and was not affected by the IRS 415(b) limits for the 2016 year.

3. For the Board’s information, the following Employee Contribution check was deposited into the Retirement Fund’s SunTrust Bank account:
   - Payroll ending date May 1, 2016 in the amount of $168,223.72 was submitted for deposit on May 6, 2016.
   - Payroll ending date May 15, 2016 in the amount of $166,393.72 was submitted for deposit on May 20, 2016.

4. Copy of the detailed expense spreadsheets for the month of May 2016 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, 2016.

6. Employee Benefit Statements from Gabriel Roeder Smith & Company for October 1, 2015 were distributed to the active members of the Coral Gables Retirement System in June 2016. A summary of the statements are attached for the Board’s information.

7. Attached for the Board’s information is a copy of the Northern Trust Class Action Litigation Settlement pro rata share for the Retirement System in the
amount of $11,233.22 which was received on May 20, 2016 and deposited into the Retirement System bank account on same date.

8. For the Board’s information the Northern Trust Securities Lending Summary Earnings Statement for April 2016 is attached.

9. An article from The Wall Street Journal regarding pension fund risk is attached for the Board’s information.

10. Attached for the Board’s information is an invitation to the Commonfund’s luncheon at Tower Club, 100 SE Third Avenue, One Financial Plaza, Regions Bank Building, 28th Floor, Ft. Lauderdale, FL on Wednesday, June 15, 2016.

2C. The Administrative Manager recommends approval for the following invoice:

1. Gabriel Roeder Smith & Company invoice #421851 for actuarial services during the month of April 2016 in the amount of $19,154.00.

2D. The Administrative Manager recommends approval of two applications for employee Nestor Chavez of the Police Department requesting to buy back 741 days (2 years, 7 days) of Other Public Employer Service time and 2,064 days (5 years, 7 months and 23 days) of prior City time.

2E. The Administrative Manager recommends of Retirement Benefit Certifications:

Retirement Benefits: Cety Marino (Excluded).

DROP Benefits: Leonard Veight (General/Teamster), Rene Perez (Police), Ricardo Torres (General/Teamster), Francis Clark, Jr. (General/Teamster), Kenneth Anderson (Firefighter), John Stewart (Firefighter), Antonello Musino (General/Teamster), Faustino Matos (General/Teamster), and April White (General/Teamster).

A motion to approve the consent agenda was made by Joshua Nunez and seconded by Troy Easley. Motion unanimously approved (8-0).

3. Items from the Board attorney.

Alan Greenfield reports that things have been going very smoothly and he has been working with Ms. Groome and Ms. Coffy on updated forms for the Retirement System.

Mr. Greenfield informs that Ms. Groome signed the satisfaction and release to collect $7,681.45 from the estate of a deceased retiree who was over paid. He explains this was a situation where the retiree is deceased and the System was not made aware of their passing. The deceased retiree’s payment was stopped immediately once Ms. Groome became aware of her death. Many times the family or other persons do not notify the Retirement System and retirees who have passed continue to receive the benefit until their death is made known.
Mr. Greenfield advises that he and Ms. Groome have worked on some Qualified Domestic Relation Orders. Ms. Groome’s deposition for the case will be taken on June 23, 2016 and he will be accompanying her. There has been no progress from the litigation standpoint moving forward and he is unaware as to what they are seeking to obtain from Ms. Groome in the deposition. There has been no update on the Nyhart case.

During the course of the month, he received from the Board evaluations in regards to Ms. Groome’s performance as the Administrative Manager for the Retirement System. He went through the evaluations and created an accumulative Excel spreadsheet which he has forwarded to Chairperson Hoff.

4. Discussion of recommendation from the Administrative Manager to send Service Connected Disability applicant, Orlando Munoz, to Board appointed doctor as mandated in Retirement Ordinance Section 50-231.

Ms. Groome informs that she received documents from Mr. Munoz’s attorney regarding his disability according to the ordinance it reads that the Retirement System shall send Mr. Munoz to an independent doctor. She received a statement from his current doctor indicating that Mr. Munoz is permanently disabled from being a Police Officer due to his coronary artery disease. According to the Florida Statute 185 it is a perception that it happened as a Police Officer and since it is heart disease and Mr. Munoz has seen doctors that he chose the ordinance reads that he shall see an independent doctor appointed by the Retirement System. Chairperson Hoff states that the doctors’ Mr. Munoz has are City doctors from Worker’s Compensation. Ms. Groome understands but the Ordinance indicates that an applicant “shall” see an independent doctor and that is why she is recommending that Mr. Munoz see an independent doctor appointed by the Retirement System. Chairperson Hoff thinks that there is a presumption that you do not have to send a doctor if it is a 185 or 175 case because the presumption is already there and you do not have to send them to an independent doctor. Ms. Groome indicates that the ordinance also says something about showing evidence. Mr. Greenfield states that it is a rebuttable presumption but it is a presumption. Ms. Groome reads the Florida Statute 185 “shall be presumed to be accidental and suffered in line of duty unless the contrary be shown by competent evidence.”

A motion was made by Mr. Garcia-Linares and seconded by Dr. Gomez to approve sending Mr. Munoz to an independent doctor. Motion unanimously approved (8-0).

5. Review and approval of the Employee Performance Evaluation for the Administrative Manager.

Chairperson Hoff explains that a procedure has been established that the Administrative Manager will have an annual evaluation done by each Board member and then it will be collectively combined to form one evaluation. Chairperson Hoff explains that Mr. Greenfield sent a summary of the scores and comments without any identifying marks. Chairperson Hoff goes on further explaining that he then took the scores and completed the evaluation form. He advises that he did add a comment explaining that the form is not effective in obtaining multiple data form various persons. He spoke with the Human Resources Director only in terms of procedural issues in how to handle the process. The Human Resources Director’s suggestion
was to review the evaluation and if there is a motion to approve by the Board that Chairperson Hoff would sign the evaluation and forward it to Ms. Groome for signature and then the evaluation would be forwarded to the Human Resources Department.

A motion was made by Mr. Garcia-Linares and seconded by Mr. Hill to approve the Administrative Manager’s yearly evaluation.

Discussion:

Dr. Gomez informs that he refused to use the form because he believes it is a very cookie-cutter approach and does not measure in reality the performance of the individual. He believes that the Board should take into consideration Ms. Groome’s reaction as to what is taking place. As busy as she and her assistant are he would like to make sure they think outside the box and use these evaluations as an opportunity to express themselves. He thinks they should use this process to hear from the Administrative Manager in terms of what she feels rather than approving something and moving on. Chairperson Hoff agrees. He would entertain a discussion on this topic at a future Board meeting.

Motion unanimously approved (8-0).

6. Review and approval of the Coral Gables Retirement System Procedures for Return of Employee Contributions. This item was requested by Ms. Groome to be deferred since further discussion needs to be done with the Board Attorney.


Mr. West completes his reporting for the month. He shares an investment opportunity with the Board. This opportunity does have a very tight window. For the members who remember the TALF product he will be making a loose analogy to that product. The one major caveat of the TALF program, the US Treasury guaranteed their investment. That is the case here. The TALF circumstance came about during the financial crisis because there was a lack of financing for the general market place. They have a similar situation here with the oil market. As a result of that a lot of the high quality companies are not able to go to the market to get financing. They are looking at mid-stream companies. The companies need to modify their cash flows so they issued securities and Master Limited Partnerships (MLPs) to investors. Then they take that money and reinvest in capital projects. Those companies continue to grow. That part of the energy space is somewhat insulated from the price of oil and continues to prosper. There are high quality companies there. Similar to the TALF situation, banks have pulled out of the energy sector and are no longer lending. These companies cannot issue public debt because the price of issuing debt for bonds has gone up and the yield is through the roof so it is not economic. The third way to access is to issue equity but now the equity values are at levels from 2009. It is not viable because there is no liquidity. They looked to the PIMCO equivalent like they did with the TALF and they went to the major industry investors that specialized in this sector for years. They have an opportunity that has come about with one of those investors to participate in a private equity type structure where they are going to be the lender to the MLP companies. They are stepping in as a lender through this management company and will issue, rather than debt, convertible preferred securities and other securities that
have more of an equity orientation. It is private equity and it is illiquid. They were able to work through the terms. If they take a convertible preferred security they will be senior on the credit structure to anything that currently exists. This particular management company is only going to be the upper tier as far as a quality type of company. There is no leverage involved at all. It is a bread and butter investment but happens to be a private, non-registered security. They are not buying MLPs. It is similar to that but they are providing a form of financing to those companies that are involved in that energy space and MLP space.

Mr. Garcia-Linares asks if the investment is not liquid. Mr. West informs that it is not a liquid equity. He reviews the terms of the deal. The private equity firm they are working with is only going to raise $250 for this deal. The legal structure will be a limited partnership. The investment period will be one and a half years from the final close. Basically, the term of the investment will be a four year a lock up with a potential one year extension. You would use the extension if the market environment wasn’t constructive. Like other situations, if the capital gets called and the money gets to work they may be realizing the profits. That single investment in the fund might get liquidated and they receive money back before the end of the fund. It is an involving fund. The management fees are very reasonable. This fund is only charging fees on invested capital. The management fee for the first close is 75 basis points with a 5% carry. The second close the fees go to 1% and there is another close coming up at the end of the summer where the fee goes up to 1% with a 10% carry. At that point if they can’t make the first two closes with the lower fees they will not consider this fund. Right now this is a market oriented opportunity. If banks go back in and start lending again because circumstances have changed to the positive then this opportunity goes away. It is an unknown, market contingent timeline fund and the beauty of this fund is it is being put together to capture the opportunity of the debt. If the opportunity goes away then the fund is done.

Mr. Garcia-Linares asks what happens to the money that is not invested. Mr. West states that they would be making a pledge to invest a certain amount of dollars. Those moneys would remain invested and they will get the capital call like the real estate and as those calls come in, they would wire the money and it gets directly invested.

Mr. Rigl asks what the return on it is since it is a convertible preferred. How does that work? Mr. West explains that the income target for the convertible preferred is a 6-1/2% yield. However this investment is more of a total return oriented fund. They are in it for the equity kicker. When they are at the end of the period when they are able to convert the convertible preferred shares into equity and liquidate, those equity holdings are the focus of the fund. Along the way they would be collecting a targeted 6-1/2% annualized income yield while they wait for the equity appreciation.

Chairperson Hoff asks what would be the source of funds. Mr. West replies that they could discuss that at a later date however the initial thought was to be careful managing the risk exposures to less liquid assets. Also, they have been trying to keep an eye out for opportunities so when the DISCO investment sunsets they will have an immediate place to go. The DISCO investment fund is a potential source and should be the first place to go looking. They would be moving out from fixed income bond type securities that are being carried in a portfolio that are being leveraged and moving away from a leveraged investment into a straight forward investment. This investment does have risks depending on where the leverage is applied but
there is no direct leverage in this fund. They aren’t borrowing money to buy securities to boost up the return.

Mr. Greenfield asks if this is equity or a fixed income investment. Mr. West answers that it would be classified in alternative investments as a private equity offering structure. The focus of the fund is to buy convertible preferreds and other equity type investments where there could be equity incentives in those types of securities. It is more of an equity oriented investment except it is a convertible preferred structure. The other item they were happy about that one of the downside of this structure at the end of the day the fund manager left it open that if they are not able to modify or liquidate investments at the end of the lock-up that all clients might receive securities in kind. That is not an acceptable situation to them. They don’t want to be receiving illiquid securities. They worked out a side-letter agreement whereby the manager will be putting forth best efforts to monetize. They are comfortable with the side-letter agreement. They were also able to get the manager to sign off as a fiduciary. They don’t want to have a side-letter where the manager can liquidate the securities on their behalf and then not be able to hold the manager legally accountable to that fiduciary standard. This investment is somewhat insulated from the price of oil assuming they are within a normal economic range. The senior partners on the management team have agreed to hold a special meeting with any Bogdahn client that is interested in the investment. It was asked of the manager that their presentation include a general education session on Master Limited Partnership and a more thorough education on their process and the product. Any investment Bogdahn suggests to their clients they want to make sure their clients are educated on the general space. The first close is June 15th and July 31st. If there is interest they would have to have a meeting and make their decision and process the paperwork by June 15th or 31st. The second close is August 31st which takes them to the higher fee level. From a practical standpoint they are looking at targeting the July 31st closing.

Chairperson Hoff asks Mr. Greenfield how long it would take for him to review and consider a contract. Mr. Greenfield responds that there is a guideline of no more than 30 days but it can be done faster than that depending on when he gets a copy of the contract. He will put forth his best effort to review it. Chairperson Hoff asks if the Board is interested in proceeding with this product. Mr. Rigl believes that the Board should be interested and it is a very good opportunity and the returns could be really good. Mr. Gold thinks they need to get the information on this fund some time before they have the meeting so that the Board can review what is being presented. Chairperson Hoff reminds that there is no meeting until August and so a Special Meeting may need to be scheduled. Mr. West advises that the first close is June 15th or July 31st and then the later close August 31st. Two potential dates for the Special Meeting were agreed on for June 22nd or June 30th.

8. Old Business

Dr. Gomez asks how the funding policy meeting went. Mr. Gold answers that there was a great first edit and the meeting was very productive. Ms. Groome informs that she received information from Pete Strong with his input and it has been sent to Dave West to receive his inputs also to be added to the draft.
   There was no New Business.

    There was no Public Comment.

11. Adjournment.

There is no Retirement Board meeting for the month of July. The next scheduled Retirement Board meeting is set for Thursday, August 11, 2016 at 8:00 a.m. in the Community Meeting Room located in the Police Station Basement, 2801 Salzedo Street, Coral Gables, FL.

The meeting adjourned at 9:27 a.m.

APPROVED

DR. ANDY GOMEZ  
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME  
ADMINISTRATIVE MANAGER