CORAL GABLES RETIREMENT SYSTEM
Minutes of February 8, 2018
Youth Center Theater/Auditorium
405 University Drive
8:00 a.m.

MEMBERS: F M A M J A S O D J F APPOINTED BY:
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Andy Gomez P P P P P P P P P Mayor Raul Valdes-Fauli
James Gueits P P P P P P E P P P Vice Mayor C. Quesada
Javier Baños - - - - - P P P P P Commissioner Michael Mena
Michael Gold P E P E P E P P P E P Commissioner Patricia Keon
Rene Alvarez P P P P P E E P P E E Commissioner Vince Lago
Joshua Nunez E E P E P E P E P E P Police Representative
Randi Hoff - - - - - - - - P P Member at Large
Carlos Fleites P P E P P P P P P E General Employees
Troy Easley P P E P P P P P P E P Fire Representative
Diana Gomez P E P P E P P P P Finance Director
Raquel - P P P P P P P P P Labor Relations and Risk Management
Elejabarrieta
Manuel A. Garcia-Linares P P E P E P E E P P P City Manager Appointee
Pete Chircut P P P P P P P E P E City Manager Appointee

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

1. Roll call.
Chairperson Gomez calls for the meeting to order at 8:00 a.m. There is a quorum. All members
are in attendance except for Mr. Garcia-Linares and Mr. Gueits. Mr. Alvarez and Mr. Fleites
were 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, 2018.
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 $2,650,000.00 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 January 2018 for the February 2018 benefit payments.

2. For the Board’s information:
   - Joan Miller, Commission Transcriber for the City Clerk’s Office, passed away in December 2017. She retired on April 1, 2005 with No Option. Her benefits have ceased.
   - Lynn Dach, Receiving Clerk for the Purchasing Department, passed away in January 2018. She retired on December 1, 1996 with No Option. Her 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 January 7, 2018 in the amount of $191,527.18 was submitted for deposit on January 12, 2018.
   - Payroll ending date January 21, 2018 in the amount of $188,548.65 was submitted for deposit on January 30, 2018.

4. A copy of the detailed expense spreadsheet for the month of January 2018 is attached for the Board’s information.

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

1. The City of Coral Gables invoice #332375 for general liability insurance in the amount of $1,268.75 ($422.92/month) for the months of January through March 2018.
2. BDO invoice #000909163 dated January 22, 2018 for audit of financial statements year ending September 30, 2017 in the amount of $8,080.00.
3. The City of Coral Gables invoice for period from April 1, 2017 to September 30, 2017 in the amount of $57,113.64 for expenses of the retirement system paid out of the general ledger account of the City.
4. GRS invoice #435470 dated January 3, 2018 for actuarial consulting services for the month of December 2017 in the amount of $6,372.00.

Mr. Banos requests for item 2C to be left open for discussion. Chairperson Gomez grants his requests and asks for a motion for Items 2A and 2B.

A motion to approve Items 2A and 2B was made by Mr. Hoff and seconded by Mr. Easley. The motion was unanimously approved (10-0).
3. Comments from Retirement Board Chairperson.

Chairperson Gomez informs that the matter of the Retirement System office space was tabled for discussion.

Mr. Gueits arrives to the meeting at this time.

Chairperson Gomez explains that he does not have a final answer regarding the office space as he has been trying to work with the City regarding it. He is hesitant to continue to put the matter on the shelf. There is some space that has come available within the City.

Mr. Garcia-Linares arrives to the meeting at this time.

Chairperson Gomez continues. He was hoping to have the issue resolved by now and he asks the Board to wait another month for the City to make a decision on the space or to move forward in finding a space to rent privately. Mr. Banos asks what exactly is being discussed with the Mayor in regards to the office space. Chairperson Gomez replies that he is discussing City space that is available. The City does have very limited space. Due to the issue being tabled since December he felt that it being February he should give an update on the matter. He does believe that he can come to an agreement with the City if he has more time. He is disappointed with how slow the process has been as he expected it to move a lot faster. Mr. Gold expresses that he would like a more hastily approach but it is up for discussion. Mr. Banos asks for the discussion to be tabled until the April meeting. Chairperson Gomez asks the Board if they are alright with the request. Mr. Gold replies he is as long as a decision is made in April. All other Board members agree to table the discussion until April.


Chairperson Gomez turns the meeting over to the Board Attorney. He has been discussing many issues with Mr. Greenfield. One of the issues is that the review of all their consultants every five years. Ms. Groome brought it to his attention that there was a previous discussion on the matter and there was a bit of ambiguity and he has asked Mr. Greenfield to assist further in explaining the process that is currently in place.

4. Items from Board Attorney.

Mr. Greenfield informs that it has been a quiet month in certain respects. There was discussion in reference to the COLA. There is a hearing on February 26th where the Court is going to have a hearing so the settlement can be final. Ms. Groome has been receiving letters from survivors of the retirees in regards to the COLA benefits of the deceased members. Some letters have been sent to the outside attorneys who are then sending the letters to Ms. Groome as if it is she who should answer the letters. It is not the responsibility of the Board to handle the issues of the survivors and the issues raised by them. He advised Ms. Groome to notify Ron Cohen so that he can represent the survivors of the class members. Ms. Groome and the Board should be spending time on matters of the COLA. He reassures the Board that the issue will be resolved.
Mr. Greenfield points out that at the last meeting there was discussion of a procedure that the Investment Committee would be reviewing their vendors. It is difficult to put down on paper how the Investment Committee should run that meeting. For example, should the meetings have a quorum or do they need to be formal or informal. At previous meetings of the Investment Committee they have not been formal but basically dialogue back and forth and then they decide what they want to do. This would be the same process when dealing with the review of vendors. He further gives the example that the vendor will come before the Committee, the members will ask questions and express their concerns and then make a decision. From there it would be a recommendation of the Investment Committee to the Board and if it is positive recommendation then the vendor would be retained and if it is a negative recommendation then the vendor would be replaced. Then the full Board would vote on the recommendation of the Investment Committee. If the recommendation is to replace the vendor then the Administrative Manager would be advised to create an RFP. The issue is whether to perform the reviews every three or five years. He believes it was Mr. Banos who made the recommendation for auditors to be reviewed every five years and all other vendors every three years. He has put together a procedure on paper but it is not in its final stages. Chairperson Gomez remembers that Mr. Greenfield was to prepare a procedure that he would then handout to the Board and the Board will review the document so it can be discussed at the next Board meeting. It is the Board’s fiduciary responsibility to have a very transparent process where the Board reviews consultants on a regular basis. He requests that the Board members review the process and take the time to jot down any of their concerns so this issue can be discussed at the next Board meeting. He also requests for all Board members to get back with Mr. Greenfield regarding their comments and concerns. Mr. Banos comments that he understood it would be a rolling review process and every year a vendor would be reviewed and there would be no year were there would be no review of a vendor.

Mr. Greenfield continues that he noticed there were Policies and Procedures attached in the meeting packets. Many of these procedures have not been reviewed since they were created and may be a bit outdated. Chairperson Gomez asks Mr. Greenfield to review the procedures and advise the Board if he believes any policies or procedures should be changed or updated. He also asks the Board to review the procedures as well and share their suggestions with the Board at the next meeting. If there are any procedures that the Board believes are not in place and should be in place to please inform the Board at the next meeting.

Mr. Hoff reads a motion that was made on February 11, 2016. The motion was made by Ms. Gomez to begin evaluations on a provider and then continue two per year setting contracts for three years with three one year options to renew however at the three year mark re-evaluate if they want to issue an RFP when the initial contract is up doing an RFP each year beginning with the vendor the Board has had the longest. Mr. Banos states that when he sat on another Board, they would have their meeting minutes reviewed to insure that decisions made reflected the ordinances set in place. He thinks this procedure should be followed with this Board. Ms. Elejbarrieta informs that each time there is a change to the Plan there is an ordinance drafted which is emailed to the Board Attorney for his review and an Actuarial Impact Statement is also created. The pension code is amended each time there is a collective bargaining agreement. Ms. Gomez adds that the Clerk’s Office then sends the change to Municipal Code and the Code is updated. Mr. Banos points out that the issue he just brought up is not being addressed. Mr.
Garcia-Linares asks if Mr. Banos is trying to find out if the ordinances are updated. Ms. Gomez comments that updates may be delayed but the Ordinances are updated. It is not the Board’s responsibility as it is the City’s ordinance. Mr. Hoff informs that if Mr. Banos wants the update or history of an ordinance or any details he could go to the Clerk’s Office and they can provide the Ordinance number.

Mr. Gueits believes that Mr. Banos is asking if the Board conducts any type of periodic review of the ordinance to ensure that it is kept up to date and that it conforms to what’s on the internet. Ms. Gomez does not believe that this is an obligation of the Retirement Board. Mr. Gueits thinks that the Clerk’s Office is the lead with something like this. Mr. Garcia-Linares directs Mr. Greenfield to ask the City Attorney if the ordinance has been reviewed to assure that it is up to date and let her know that a Board member with prior experience in another City is concerned. Ms. Elejabarrieta believes that Mr. Banos is speaking in regards to a Charter Review. The City did recently conduct one and the pension codes were included in this. Mr. Greenfield points out that Ms. Groome creates a memo when the Retirement Board votes on a decision that includes making a change to the ordinance or any rules and regulations. Ms. Gomez thinks that there should have been a way to reference prior motions made. It is recommended that there be an index to be able to locate policies and procedures that were decided so that there isn’t much conversation on a matter that has been previously made. Chairperson Gomez informs that Ms. Groome did inform him and Mr. Hoff that there was a previous motion. They were advised of the previous motion made and what he wanted was to clarify where they were and if the Board wanted to make any changes the change could be made.

Chairperson Gomez announces that the Investment Committee is due to meet on February 22, 2018 at 9:00 am to discuss and review the RFP for the auditors. All of the Committee members and the Board have been notified and are able to attend if they choose. He informs Mr. Banos that the Board will revisit his concerns regarding the Consent Agenda Item 2C once Mr. West has completed his review of the investments.

5. Investment Issues.

Dave West, AndCo Consulting, announces that he will be introducing a new strategy and will be discussing the idea of a new investment space.

Mr. West reviews the investment performance for quarter ending December 31. The total fund gross for the calendar year was 18.28% which puts the fund in the top 8th percentile. The three year number annualized at a 9.35% and the fund is in the top first percentile in the public fund universe. The five year number annualized at 10.57% and which put the fund in the 5th percentile. They are accumulating a very nice track record of consistency. Mr. Gold thinks it needs to be noted how well the fund has done is due to the direction of the Board’s consultant and their asset allocation. Mr. West reviews the managers. Eagle Capital peer group rankings were excellent. MD Sass is off their cycle. He assures that they are still comfortable with the manager and they are still in line with meeting their performance criteria. His formal recommendation is to stay the course and recognize the history with the match up. Moving on to the growth managers is Wells Capital. They were the manager that they need to request
patience for and they have redeemed themselves and have been able to move up. Winslow is a little more index like in their approach and their one year return did move ahead in the benchmark. Shifting into International Equity, RBC’s returns have been so strong for so long and if there was a best of the best they would win it. WCM had another good year ahead of the benchmark. Moving to fixed income, the spread differential in bond managers is very small but Richmond continues to marginally outperform the benchmark. JKMilne Fixed Income has become very indexed like. They did reach their benchmark but only reaching their benchmark has resulted in bottom peer group performance. The JP Morgan Strategic Property Fund actually ranked median, however, the JP Morgan Special Situation Fund had higher returns because it leveraged and ranks in the top twenty percent. This is an example of an aggressive strategy versus a conservative strategy. The Board needs to keep in mind the characteristic of the fund that they hired. He still feels both are table pounders and are doing a great job for the fund. The only other ranked assets to cover are the BlackRock Multi-Asset fund. This fund has more of a fixed strategy and ranked in the seventy-fifth percentile. His recommendation is to stay the course.

Mr. Banos asks Chairperson Gomez if the tabled Agenda Item 2C can be discuss at the next Board meeting because he needs to permission to be excused from the remainder of the meeting. Chairperson Gomez explains that they are invoices and he does not want them to be tabled to the next meeting. He suggests that the tabled item be discussed quickly. Mr. Banos begins to explain that his experience with many other Florida pension boards is that the Administrative Manager’s services are typically outsourced. He has a real problem with the way this particular Board does this. He gives an example of the GRS bill. He has no problem with GRS charging $1,268.75 and he has no problem with the Actuarial Valuation Report costing $2,388.00. However, he believes that the $2,184.00 for work in preparing an Impact Statement should have been a responsibility of the City because it is something the City needs in order to pass an ordinance. He believes that it is unfair to ask employees of the City to subsidize costs that the City is responsible to pay. The Retirement Board manages the fund but if any changes are made by the City then those costs should be on the City and not the Retirement System. His next issue is the payment for the services Ms. Groome provides. He understood when he first joined the Board that Ms. Groome is an employee that the Board pays for and Ms. Groome is also an employee of the City. The Board reimburses the City for the services that she provides. In his mind this creates several problems. The first issue is the Board has no control over that budget whatsoever and that the City has an agreement with that employee. Secondly, any and all records, anything the Custodian has are not necessarily in the possession of the Board but in the possession of the City. From his perspective, he is personally uncomfortable with that arrangement. There are bank charges for $690.00 and charges for $743.00. He has not agreed to any of these charges and he has not voted to make any of these charges. If it is the will of the Board to continue with this arrangement that is fine but he just doesn’t think that this is the way it should be done. He suggests that the Board budgets a certain amount of money per year for particular types of services and if those services are with the City then he is fine with it. The Board can pay the particular budgetary amount but it gives the Board control over the budgetary expenses. It is his perspective that it is not wise to accept a charge that the Board does not have control over. It is ridiculous that the Board has to reimburse the City to house Ms. Groome who is a City employee.
Mr. Gold comments that the background of the story is Ms. Groome is a City employee but will be probably be their last employee to work for the Board. There were discussions prior to Mr. Banos joining the Board that the next Administrator will be an employee of the Board and so it is an arrangement that has been grandfathered in and probably won’t continue once Ms. Groome retires. Mr. Chircut adds that this conversation has been had before. Mr. Banos replies that the conversation has not been had since he has been on the Board. The Board manages the plan and they are not beholding to employees or the City and the plan needs to be managed under those categories. Mr. Gueits states that before the decision can be made to pay or not pay something the contractual agreements must be reviewed. Mr. Garcia-Linares comments that the way he sees it there are two arguments. He asks what the City’s response is in regards to the Impact Statements. Ms. Elejabarrieta replies that Mr. Banos brought this up as a concern when he first started as a Board member as to why the Board pays the Impact Statement fee. It is her recollection that the Board agreed for it to continue that way. Ms. Gomez interjects to say that based on union negotiations the Board has paid for it because it is something for the employee impacted by the Board. If there is a change being made by the City and impacted by the City then the City pays for it. Ms. Groome adds that when GRS was hired the City was having their actuary do the impact statement and GRS had an issue with that because the ordinance impacts the Retirement System so the Retirement System’s actuary should be doing the Impact Statement. That is the procedure that the Board began to follow and that is why GRS is charging the Board because the Retirement System’s actuary should be doing the Impact Statement. Mr. Banos disagrees. The actuary is doing this for consistency and it should be part of the City’s regular process to agree to this because this is a contract between the City and the Collective Bargaining units. Ms. Gomez points out that the contract is for the employees. Mr. Banos believes that the Retirement Board has nothing to do with the contract and that the City should be responsible. The Retirement System is not a piggy bank for everything that goes on.

Chairperson Gomez asks if there are any additional comments on the issue. Ms. Gomez informs that GRS that insisted that they needed to do the Impact Statement themselves and so it did not make sense to have both the City’s actuary and the Board’s actuary to complete the Impact Statement. Mr. Easley believes that the only two people who were on the Board at that time were Mr. Garcia-Linares and himself and if he recalls correctly the Board wanted to stay independent from the City so it was decided that the Board would have their actuary complete the Impact Statements. Ms. Gomez continues that the difference between the two reports was so minute that the City decided it made no sense to have two reports conducted and the City no longer prepared the Impact Statements.

A motion was made by Ms. Elejabarrieta and seconded by Ms. Gomez to continue the current process regarding preparation of the Impact Statements.

Mr. Hoff asks for clarity on the motion. He asks if the motion means for the process to stay the same which is the City to pay impact statements for changes imposed by the City and the Retirement System to pay for changes made by the Retirement Board. Mr. Gold believes that the motion should be that the Board pays the bill and then what should be tabled is the further discussion on the process. Mr. Gueits agrees. Ms. Elejabarrieta withdraws the motion.
A motion was made by Mr. Garcia-Linares and seconded by Mr. Gueits to approve Agenda Item 2C. Motion approved (9-1) with Mr. Banos dissenting.

Mr. Garcia-Linares comments that it should be explained to the Board who gives raises to Ms. Groome and what the process is at the next meeting so that the Board understands and that the Board should be made aware of what City’s plan is to move to outsourcing services. Ms. Gomez replies that the City doesn’t decide how the plan gets managed the Retirement Board does. If the Board decides to outsource today the City has said that they will take Ms. Groome and move her to another position. Mr. Banos asks if the City is the vendor for the Retirement System in Administrative Services there should be an agreement with the City as to what the parameters are so there is an understanding of what that payment and that there is a clear delineation if something goes wrong on the administration side. Chairperson Gomez believes Mr. Banos has raised a very good point but the discussion needs to be tabled.

Mr. Banos leaves the meeting at this time.

Mr. West continues with his report. He reviews the January investment performance and points out that the numbers are based on estimates. For the month ending January, the fund is at 3.93% for the year. For the fiscal year they are at 7.64%. During the month of January there was a new record of money flow going into global equity. He recommends that they stay on course and that a lot of the decline has been recouped already. Regarding the new investment strategy, he would like to bring in some potential managers in regards to infrastructure.

6. Old Business.

Mr. Hoff notifies the Board regarding the employee he referenced to at the last meeting. He explains that Ms. Groome provided him with the information he requested and that the employee’s request does not appear to apply to him. He has advised the employee that he can appear before the Board with his issue if he so chooses.


Mr. Hoff asks Mr. Greenfield to research and find out if it is necessary to have photo identification to enter into a public meeting and if it is true then Ms. Groome should pick a new location for the Board’s public meetings.

Chairperson Gomez announces that the next meeting is scheduled for March 8th and he cannot make that meeting. The Board agrees to change the meeting date to March 5th at 8:00 a.m.

8. Public Comment.

There was no public comment.

The next scheduled Retirement Board meeting is set for Monday, March 5, 2018 at 8:00 a.m. in the Police Community Meeting Room, 2801 Salzedo Street, Police Station Basement, Coral Gables, FL.

Meeting adjourned at 9:56 a.m.

APPROVED

DR. ANDY GOMEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME
ADMINISTRATIVE MANAGER