Coral Gables Retirement System
Retirement Board Agenda
Thursday, November 8, 2018
8:00 A.M.
Police Community Meeting Room
2801 Salzedo Street – Police Station Basement

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

Staff:
Kimberly Groome, Administrative Manager P = Present
Ornelisa Coffy, Retirement System Assistant E = Excused
Dave West, AndCo Consulting A = Absent
Pete Strong, Gabriel Roeder Smith

Guests:
John Baublitz, FOP Lodge #7
Nestor Chavez, Police

1. Roll call.

Chairperson Gomez calls the meeting to order at 8:00 a.m. There was a quorum. Mr. Alvarez and Mr. Gueits were running late for the meeting. Chairperson Gomez asks if there are any objections to skip to Agenda Item #5. There are no objections.

2. A request from Nestor Chavez, Police Officer, to buy back 2 years of other public employer time. Officer Chavez was informed on his five year anniversary that he was eligible to purchase other public employer time and did not apply to purchase the time within the 180 day period as established by the Retirement Board. This item was requested to be placed on the agenda by Board member Randy Hoff.
Mr. Baños asks Ms. Groome if the Ordinance allows for the buy back and if she, the actuary or the Board Attorney have reviewed it. Mr. Hoff intervenes to explain that Officer Chavez was employed by the City but left the City’s employment and moved to Texas. When he moved back to Miami he was reemployed by the City and was able to purchase his previous time of employment with the City. His request to purchase his time in Texas lapsed. He completed all the paperwork with the Retirement System but he was unable to buy back those hours at that time. Officer Chavez brought the paperwork to Mr. Hoff who explained to Officer Chavez that he missed the five year mark and he could no longer purchase the time from Texas. The request is to have the actuary calculate the actuarial costs of buying back those times for purchasing at this time. Officer Chavez will cover the costs of the actuary to do this calculation. It will be of no cost to the Retirement System or the City. Mr. Baños advises that his only issue is will the Board be allowing for Officer Chavez to participate in a benefit that he would not supposed to be receiving. Ms. Gomez agrees. What if there are other employees who missed the five year mark and this was not offered to them? Or maybe they did not ask to come in and speak to the Board but they would have if that was offered to them? Are they opening up a window for people to come back and buy back time? Ms. Groome informs that Mr. Chavez did get approved by the Board within the five year period and was approved for his other time. He just did not follow through in completing it within the 180 days. It is not like he missed the five year mark. An employee has 180 days to complete the process once they reach their five year anniversary. Chairperson Gomez suggests that the Board Attorney look into the matter further and the item placed on a future agenda.

A motion was made by Mr. Hoff and seconded by Mr. Easley to have the Board Attorney look into the matter and place the item on a future agenda. The motion unanimously passes (10-0)

3. 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 October 11, 2018.

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

2C. The Administrative Manager recommends approval of the following invoices:
   1. GRS invoice #441716 for September 2018 actuarial services in the amount of $2,708.00.
2. Berwyn Group invoice #41416 for the yearly online death audit system in the amount of $1,144.00.
3. City of Coral Gables invoice #337300 for General Liability Insurance for the 1st quarter of fiscal year 2018/2019 in the amount of $1,268.75.

2D. The Administrative Manager recommends approval of the following Retirement Benefit Certifications:

1. **DROP Benefits:** Anton Jackson (General/Teamster), Ampy Gomez (General/Teamster), Erasmo Lopez (Police), John Baublitz (Police), Claudio Ramos (General/Excluded) Manuel Ojeda (General/Teamster), Nelson Garcia (Police), Russell Thompson (General/Excluded), Alejandro Garces (Firefighter), Richard Thompson (Police).

2. **Retirement Benefits:** George Ruggiano (General/Excluded).

3. **Vested Retirement Benefits:** Alain Campos (Police).

2E. The Administrative Manager recommends approval of the following purchase of other public employer time:

1. Rebecca McNally of the Fire Department requesting to buy back 1,599 days (4 years, 4 months and 16 days) of Other Public Employer Service time.

2. Dario Gonzalez of the Development Services Department – Building Inspector Division to buy back 1,448 days (3 years, 10 months, 6 days) of Other Public Employer Service time.

Mr. Banos requests to pull item 2C3 from the Consent Calendar for discussion.

**A motion is made by Mr. Hoff and seconded by Mr. Easley to accept the Consent Agenda minus item 2C3. Motion unanimously approved (10-0).**

Mr. Banos has an issue with the Board paying the City for General Liability Insurance. Ms. Gomez suggests that the Retirement System can find quotes for General Liability Insurance from a private insurer and bring back to the Board for consideration.

**A motion was made by Mr. Hoff and seconded by Ms. Gomez to accept Item 2C3 of the Consent Agenda. The motion was approved (9-1) with Mr. Banos dissenting.**

2. Comments from Retirement Board Chairperson.

Chairperson Gomez informs that he was unable to attend the last meeting due to a cold and was unable to inform the Board on his meeting with the Mayor.

Mr. Chircut arrives to the meeting at this time.
Chairperson Gomez states that the meeting with the Mayor went well and he looks forward to further conversations with the Mayor.

3. Items from the Board Attorney.

a. Board Attorney Alan Greenfield placed on interim leave.

Chairperson Gomez states that as the Retirement Board is aware Board Attorney, Alan Greenfield, is ill. He needed to go in for major surgery and both he and Mr. Hoff have spoken to Mr. Greenfield since his surgery and he is doing well. Through his conversations with Mr. Greenfield it was made clear that Mr. Greenfield’s son will not be taking on the role as interim for the Board. Chairperson Gomez informs that he had to make a critical decision in choosing how to handle all legal matters while the Board Attorney is out. He spoke with the City Attorney who gave him the go ahead to select Mr. Garcia-Linares as the Interim Board Attorney. He asks if any Board members have an issue with his decision. All Board members seem to be in acceptance of Mr. Garcia-Linares resigning as a member of the Board to take on the role as the Interim Retirement Board Attorney. Mr. Baños comments that although he believes Mr. Garcia-Linares is a good attorney, he thinks the Retirement Board should hire an attorney that specializes in pension plans. Mr. Garcia-Linares disagrees with him and explains that Mr. Greenfield would reach out to other attorneys for assistance on specific matters so he does not see the need to pay the high costs for a specialized pension attorney unless absolutely necessary.

A motion was made by Mr. Hoff and seconded by Mr. Baños to ratify the Chairperson’s action to place Mr. Garcia-Linares as the Interim Retirement Board Attorney. Motion unanimously approved (11-0).

Mr. Alvarez arrives to the meeting at this time.

b. Resignation of Board member Manuel Garcia-Linares.

c. Appointment of Manuel Garcia-Linares as interim Board Attorney.

Chairperson Gomez informs that he will speak with Mr. Greenfield to explain that his main concern at this time should be his health and his family. Mr. Garcia-Linares officially announces his resignation as a Board member. He would like to extend Mr. Garcia-Linares the position of Interim Board Attorney through December. He will ask Mr. Greenfield to work on a transition plan and he extends Mr. Greenfield’s leave with pay through December.

A motion is made by Mr. Baños and seconded by Mr. Easley to extend Mr. Greenfield leave with pay through December and extend Mr. Garcia-Linares as Interim Board Attorney with pay through December. Motion unanimously approved (12-0).
Mr. Gueits arrives to the meeting at this time.

Mr. Garcia-Linares reports on legal items that have been pending. He reviewed the Berwyn Group’s Compliance Certification document for use of their locator services and is fine with it so it can be signed and sent back to Berwyn. In regards to Maggie Ruiz, the Board cannot hold the balance of her retirement contributions and the City cannot take the balance of her retirement contributions. Ms. Ruiz must concede to give the balance of her retirement contributions to the City. He requests Board approval to send a letter to Ms. Ruiz requesting her approval to pay the City directly the balance of her retirement contributions.

A motion was made by Mr. Banos and seconded by Ms. Gomez to approve sending a letter to Ms. Ruiz seeking her approval to pay directly to the City the balance of her retirement contributions. Motion unanimously approved (12-0).

Mr. Gueits asks what is going on with the claims owed to the Retirement System. Ms. Groome informs that they still have not received any notification from the people who owe the Retirement System. Mr. Garcia-Linares states that there are three that Mr. Greenfield has been working on.

A motion was made by Mr. Gueits and seconded by Mr. Banos to file suit in Circuit Court on the three people who owe the Retirement System. Motion unanimously approved (12-0).

4. Discussion of the 2019 COLA determination letter submitted by Gabriel Roeder Smith. The net rate of investment return on the market value of assets during the year ending September 30, 2018 was calculated to be 10.9%. Therefore, the cost of living increase is eligible to be granted on January 1, 2019 in the amount of 3.5%. In accordance with the terms of the settlement agreement, the Retirement Board will make separate determinations as to whether Class Members are entitled to a COLA and the amount of the COLA based solely on the factors identified in the 2013 version of Sec. 50-230(c) without regard to the net Actuarial Experience. Class Members are retirees eligible for a cost of living adjustment as of January 1, 2013, individuals who retired, entered DROP, or reached eligibility for normal retirement after January 1, 2013 but before February 10, 2015 and former city employees who opted out of the class. Based on the current provisions of the Retirement Ordinance Section 46-253(c), a COLA may not be granted to members who are not part of the Class since the Retirement System had a cumulative experience loss of $203,152.006 as of September 30, 2017.

Ms. Groome suggests that the Board have four separate votes. One vote for the Class Members, one for the GAP members, one for the opt-out members and one for the members not part of the class action.

A motion is made by Mr. Hoff and seconded by Mr. Easley granting approval of the 2019 COLA for the Class members. Motion approved (11-1) with Mr. Banos dissenting.
A motion is made by Mr. Hoff and seconded by Mr. Fleites granting approval of the 2019 COLA for the GAP members (eligibility for normal retirement after January 1, 2013 but before February 10, 2015). Motion approved (11-1) with Mr. Banos dissenting.

A motion is made by Mr. Hoff and seconded by Ms. Elejabarrieta granting approval of the 2019 COLA for the individuals who opted-out of the Class action. Motion approved (11-0) with Mr. Banos dissenting.

A motion is made by Ms. Gomez and seconded by Mr. Banos to not grant the COLA for members who are not part of the Class. Motion unanimously approved (12-0).

Mr. Baublitz of the Fraternal Order of Police asks if the Board can request that the City Attorney call for the Alternative Dispute Resolution Mechanism for a meeting date in December instead of November. He informs that they would like to get the retirees involved and if this goes to the City Commission for their November meeting, they will not have much time to contact the retirees regarding this matter. Ms. Gomez contacts the City Attorney and the City Attorney informs that the matter will not appear on the November Commission Agenda.

5. Investment Issues.

Mr. West reviews the September 30, 2018 quarterly report. The Retirement System investment program performed very well closing the fiscal year with a net investment return of 10.55% and gross investment return of 11.17%. The results handily exceeded the actuarial required rate of return target and exceeded the total plan policy benchmark which was 8.36%. The results ranked the plan in the top 7th percentile of the Public Fund Universe. The three and five year annualized results exceeded benchmarks on both gross and net basis and ranked in the top decile of the Public Fund Universe. The success of the program was largely attributable to the strategic asset allocation deployed, as well as from the collective efforts of the actively managed mandates engaged by the Retirement System.

Mr. West reviews the managers with the Board. All manager strategies achieved or exceeded policy objections with the exception of MD Sass. MD Sass is under review but AndCo Consulting continues to recommend retaining the strategy. It was agreed that a full manager review and manager search would be prepared for discussion with the Investment Committee in January.

Mr. West reports on the October performance. The System continues to benefit from current diversification in allocation but the results were still negative earning a net unrealized loss of -5.37%. Investment of the City contribution was discussed. The Board had previously agreed to a strategic, general upgrade to the investment program as recommended by the Consultant. The City contribution was invested in such a manner to eliminate the material underweight in the high quality Bond allocation, and bring the allocation closer to the long-term policy target. As a result of this action, significant loss to the contribution from the October equity market sell off.
was averted. The asset allocation was reviewed as impacted by the market volatility in October.

Mr. West recommended an opportunistic rebalancing consistent with the provisions of the Investment Policy. His recommendation was to move $6 million from the Aggregate Bond Fund and $5 million from the BlackRock fund into the S&P 500 index fund.

A motion was made by Mr. Gold and seconded by Mr. Gueits to approve the recommendation by the Investment consultant. Motion unanimously approved (12-0).

Mr. West and the Board agreed to hold a special meeting for the Investment Committee on January 16th. The following will be discussed: Manager Review & Search for Broad Cap Value and Infrastructure Investment education.

6. Old Business.

Chairperson Gomez wishes everyone a Happy Holiday. He confirms that this meeting is the last meeting of the year. Ms. Gomez asks for the dates for the 2019 Retirement Board meetings. Chairperson Gomez mentions that he would like to further the conversation on the Retirement Systems office processing programs and he also requests for a Standard Operation Procedure manual be created for the Retirement System.

There was no new business.

8. Public Comment.
There was no public comment.


Meeting is adjourned at 10:10 a.m.

APPROVED

DR. ANDY GOMEZ
CHAIRPERSON

ATTEST:

KIMBERLY V. GROOME