1. Roll call.

Vice-Chairperson Gold calls the meeting to order at 8:14 a.m. Chairperson Nunez, Mr. Alvarez and Ms. Carter were excused. Mr. Cordero was not present at the start of 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 October 10, 2019.

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

1. There was a transfer of $3,250,000.00 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 October 2019 for the November 2019 benefit payments.

2. The following Employee Contribution checks were deposited into the Retirement Fund’s SunTrust Bank account:
   - Payroll ending date October 13, 2019 in the amount of $183,339.50 was submitted for deposit on October 18, 2019.
   - Payroll ending date October 27, 2019 in the amount of $176,529.54 was submitted for deposit on November 4, 2019.

3. Copy of detailed expense spreadsheet for the month of October 2019 is attached for the Board’s information.

4. The Day Pitney detailed invoice for the month of September 2019 is attached for the Board’s information.

5. Attached for the Board’s information is a letter dated October 7, 2019 from Keith Brinkman of the Bureau of Local Retirement Systems Florida Division of Retirement informing that the October 1, 2017 Actuarial Valuation is determined to be state accepted. However, there were items of interest noted during the review that should be addressed by the plan’s actuary for future reports.

2C. The Administrative Manager recommends approval of the following invoices:
1. Berwyn Group, Inc. invoice #44605 dated October 1, 2019 for death audit yearly service in the amount of $1,144.00.
2. Gabriel Roeder Smith & Company invoice #449801 dated October 8, 2019 for actuarial services during September 2019 in the amount of $9,064.00.
3. Crain Communications Inc., invoice #M00053535 dated October 28, 2019 for RFP advertisement in the Pensions and Investments publication and online in the amount of $2,571.00.
5. City of Coral Gables invoice #343035 dated November 1, 2019 for General Liability Insurance for first quarter fiscal year 2020 in the amount of $1,159.50.

2D. The Administrative Manager recommends approval of the Purchase of Military Service time of David Grigg, Police Officer, requesting to buy back 1,825 days (5 years).

A motion to approve the Consent Agenda was made by Ms. Elejabarrieta and seconded by Dr. Gomez. The motion was unanimously approved (8-0).

Ms. Gomez asks if they are starting to have the actuary calculate the amount of the buy back. Ms. Groome informs that the application was submitted before October 1, 2018 and will be calculated the previous way. Eligibility to buy back time beginning October 1, 2018 will have the amount of buy back calculated by the actuary.

3. Comments from Retirement Board Chairperson.  
There were no comments from the Vice-Chairperson.

Mr. Cordero arrives to the meeting at this time.

4. Items from the Board Attorney.  
Mr. Garcia-Linares reports on the issue with GRS. He has been in contact with GRS. Mr. Greenfield sent GRS a demand letter last year for $120,000.00 which was the amount the System was owed by four to five beneficiaries that were paid excess funds as a result of the Retirement Office not knowing the retiree had passed away. There was an issue with the death check system and they were not notified. Between the efforts of Mr. Greenfield's and himself they were able to bring the $120,000.00 loss down to $60,605.41 in receiving some payments from beneficiaries as well as the arrangement from the Barbara Schmitt/Emma King matter where Ms. Schmitt has agreed to pay the lump sum payment of $42,000.00 and then $10,000.00 to be paid over a period of time. GRS appreciates its relationship with the Board and would like to resolve the matter with the Board. In total disclosure it is his understanding in speaking with counsel that GRS is applying for the RFP for Pension Administration System. GRS has offered to pay $30,302.71 but as an offset to their fees over the next 30 months. They would reduce the fees that the Board would pay them. Mr. Garcia-Linares reads the letter from GRS.

To put my client's below offer in context, since you are familiar with the history of the situation, let me give you a very short summary. GRS had a license to the government's Limited Access Death Master File. We were allowed to provide our clients access to this data base. The data base site contained disclaimers as to its use and reliance on its data, recommending other precautions be taken. The City of Coral Gables Retirement System used this data base, relied on it, and suffered losses. We can offer you no more protection than this third party's data base promised, which warned that you could not fully rely on its data. Please see the two agreements
attached and the NTIS Mandatory Requirements Important Information Sheet. Even though we are not at fault in the Retirement System's use of the data base and the losses it suffered, we value our continuing relationship with the Board of Trustees, and we trust that the Board values our willingness to work with the Board, even in these circumstances. Therefore, we offer to settle with the Board for a mutually agreeable General Release and 530,302.71, to be paid as an offset to our fees over the next 30 mos. We look forward to the Board's positive response.

They have offered half. The Board doesn’t have to take it and they can go back to them to ask for quicker payments.

Vice-Chairperson Gold asks if anyone remembers if it was GRS’s error in reporting or if the system they were using had the error. Ms. Groome responds that it was the system they were using. Mr. Garcia-Linares informs that this issue has happened before and it has happened since GRS. There are other situations he has been working on with Ms. Groome. They have sent out letters and have recouped some and have not recouped others and they have some arrangements they have made. This is a continuing problem because until they are notified that someone has passed away, they continue to issue checks. Ms. Groome states that they notify and usually it is a month later when they find out of someone has passed away. It is not like two years like what they had with GRS. Ms. Gomez asks if they still have issues with the new service. Ms. Groome explains that when a retiree passes away and the family doesn’t notify the office they run the inquiry twice a month with the new service and once Social Security is notified that is when it gets picked up.

Ms. Gomez thinks that 30 months is a long time for pay back. She can appreciate the 50% reduction but the 30 months seems like a long time especially since they are offsetting their fees. Mr. Garcia-Linares states that this is their first offer. He needs guidance from the Board as to what they are willing to accept. Ms. Gomez comments that they just started a new fiscal year so she would like to see if they could offset the amount for this fiscal year. Dr. Gomez agrees. Mr. Mantecon asks if they will retain the rights to collect on the losses. Mr. Garcia-Linares remarks that they are not asking them to retainer the right to collect on the losses but they have tried to what they have can on the losses and the ones they have not collected on no estates have been open which assumes there are no assets out there to collect. One of them they had Mr. Hoff assist them with a Police Officer to collect the moneys owed and they got hold of the son and the son at the beginning was cooperative in paying back the money but once he figured out that there was no criminal investigation or going after the son the repayments stopped and they do not know where the son is. Vice-Chairperson Gold suggests that they counter the offer with 75% of the amount owed over 30 months instead of the 50% of the amount over 30 months. Mr. Garcia-Linares advises that they go back to GRS with 75% over 30 months and then in a year from now if the Board decides they do not want to keep GRS because they have raised their service prices because of this then the Board can decide whether or not they want to renew the contract. This is their initial offer and the Board can go back to them and offer what they want. He suggests that the Board offers 75% over 24 months
or 50% to the end of the fiscal year. Mr. Easley thinks they should offer 75% over 24 months in case they decide the fees in the second year. Mr. Garcia-Linares asks if the fees are currently fixed. Ms. Groome answers affirmatively. Mr. Garcia-Linares suggests that they go back to GRS and over that the Board wants 75% over 24 months and the same fees they are paying now will remain for the 24 months.

A motion was made by Mr. Easley and seconded by Dr. Gomez that the Board requests the moneys back in a timeframe of 24 months ending 9/30/2021 and the amount is 75% of the total loss with no increase in fees before 9/30/2021. Motion unanimously approved (9-0).

Mr. Garcia-Linares informs that one of their retirees passed away and did not cash their COLA check and their family has contacted the Retirement Office requesting the COLA check amount. From what he understands the City will honor that request and pay the COLA amount to the Estate. He also informs that the RFP has been distributed and the due date for that is December 20th.

Mr. Garcia-Linares addresses the issue regarding Ms. Coffy. He received a call from Ms. Coffy late last week advising that she had applied for a job and it was basically a move for more money in the same position. She had a concern that under her contract she had a vesting position in regard to the kind of fund the Board offered her as part of her contract. She indicated she contacted the provider and the provider said there was no way for her to return the money to the fund. He contacted her back at the beginning of this week to see if she wanted this issue to be brought to the Board as she made the decision she was leaving and she is on vacation in Las Vegas and she stated that she wanted the issue brought to the Board. Every one received the email from Ms. Coffy yesterday which stated she was resigning from her position and her last day would be December 20th. In addition to that he received an email from her where she basically states that she felt the Board breached her contract with her because the Board did not set up the retirement plan for her and therefore she wants to use that as a reason not to return the moneys to the System. He asked Ms. Groome to prepare a chronology of what happened and to send him the minutes and anything else that was discussed regarding this issue. Ms. Coffy was hired by the Board on March 20, 2017 and Dr. Gomez signed the agreement as the Chairperson. Item 10 of the agreement provided a pension with Nationwide. “The Board shall establish a 401 (a) retirement plan with Nationwide for the benefit of the Assistant. The Board shall, during the term of Assistant’s employment contribute to the Plan annually, a sum equal to seven percent of Assistant’s annual base wage. The Board shall have the right to amend and change the contribution. The Assistant shall not be required to make any contributions to the Plan. The Assistant’s interest in the Plan shall vest in five years.” So very clear under the contract that she had to be an employee for five years to vest. The contract was an “at-will” employment so they could release her at any time and she could leave at any time. Over the history of this they set up a plan with Nationwide and Dr. Gomez signed the Nationwide application. The Nationwide agreement fully provided that there was a five year vesting. For whatever reason they were not able to create the account with Nationwide so during the meeting of May 9, 2019, Ms. Coffy’s retirement account had not been set up and she
requested a new account so the moneys owed to her could be moved. The Board approved a motion to allow Ms. Coffy to choose where she would like to set up her 401 account. There is an email between Ms. Coffy and Ms. Gomez where Ms. Coffy acknowledges that she did vest in five years. There was an issue regarding the interest that could have accrued on the money during the time it was not invested and they asked Mr. West to calculate the amount and they agreed they would place the amount in her account. It is clear that at the time Ms. Coffy was setting up her new account that she knew she had a vesting of five years. He does not know what was told to the providers when she was setting up the account and he has not spoken to the providers. She is telling the Board that she is being told that she cannot take the money out without tax consequences because she is under 59 ½ years of age. Clearly in the contract the money does not belong to her because it has a five year vest. During his conversation with Ms. Coffy she said she had spoken with other Board members that she was applying for other jobs since early this year. It is up to the Board of what they would like to do. It is clear under the contract that the moneys belong back to the System. The initial check invested in July was $5,000.00. The amount calculated for the interest was not put into that account. The email she wrote where she says the Board is in breach of contract says that she is requesting that the moneys contributed be given to her. Mr. Gueits understands that had the Board established the fund upon her employment she would have forfeited the moneys invested had she not satisfied the 5 year vesting. If that is the case the time the fund was actually established is fully irrelevant at this point. Mr. Garcia-Linares adds that at the time she set up the account she knew there was a possibility that she would be leaving. Mr. Gueits is trying to set the base line. The alleged breach is that the Board did not set up her pension account. Mr. Garcia-Linares informs that she set up an IRA account. Mr. Gueits states that the Board has to decide what to do about the money knowing that from a legal standpoint the conditions were not complied with. Mr. Garcia-Linares asks why the account was not set up with Nationwide. Ms. Gomez believes that Nationwide was hesitant to create a one-person plan. The bottom line is that she was not vested and the money is not hers. Mr. Mantecon asks if she would have a tax liability if she gives the money back. Mr. Garcia-Linares answers affirmatively. Mr. Mantecon does not think she should suffer the tax consequence. Ms. Gomez suggests that they do not have her take the full amount out but set up a payment plan over the next two to three years to pay the full amount back to the System. Dr. Gomez believes the Board has a little of the responsibility. She relied on the system helping her and they dropped the ball. Ms. Gomez agrees but the Board directed to open up a 401 plan of her own and she did not and she choose to do it when she knew she was potentially leaving. When she went to Merrill Lynch she did not disclose exactly what the Board requested her to do. If she had told Merrill Lynch that she needed a 401 plan they would have told her she cannot get a 401 as an individual and then she should have come back to the Board and tell that she was not able to get what the Board told her to get.

Mr. Garcia-Linares asks what is the City’s position and the Board’s position going to be with regards to an employee who has now resigned as of now or do they allow the employee to resign as of the date later in December giving the information the employee has. He is not recommending they terminate her now but as counsel in certain industries when someone puts in the fact they are resigning, usually the employee is shown the door
that day due to the access of information the employee will have before resigning. Ms. Gomez explains that if it is a professional position they would want a month’s notice and the employee would still have access to everything but if there is some tension in this situation then they probably should terminate immediately and then come up with some type of severance plan and have her sign a release. Mr. Mantecón states that whatever she decided to do with the investment plan she did it. He thinks she did her best effort and now she decides to change her life career or life path and now she is going to take a tax consequence. He does not think she is entitled to the money because she would not have it if the investment plan was a 401a. What they should do is put her in a position where she should have had they done the 401a at the beginning. Whatever that amounts to in a financial standpoint, it is what it is. Dr. Gomez suggests that she be terminated immediately.

Mr. García-Linares advises that they have a couple of options. Option 1 is to say she is liable to the Board for the whole amount. Option 2 is to say they will live by the City’s system and since she has been with the Board for two years she is 40% vested which will be a little less than half the money but they still would have to give her the interest on that money. Option 3 is to waive the vesting time and let her keep the money that is there but the Board will not pay the interest that has not been put in. On top of those they can decide whether to keep her on or not keep her on until the date she indicated she would resign. She will have to sign a release and if she does not sign the release then they will demand the money back. Ms. Gomez comments that terminating her is easy for the Board but what about for Ms. Groome. Does she trust Ms. Coffy to be in the office with this tension building up? Ms. Groome thinks that the tension is between Ms. Coffy and the Board. Mr. García-Linares believes Ms. Coffy has a tension with the System because of the email she wrote to the Board.

A motion was made by Ms. Elejabarrieta and seconded by Dr. Gomez that Ms. Coffy keeps the $5,000.00 in the investment plan she created and sign a release. If she does not agree to sign the release she is immediately terminated and will return the money to the Board. Motion unanimously approved (9-0).

5. Request from Maurice Poirier for approval of the return of his contributions on the purchase of other public employee service time in the amount of $42,105.66. Mr. Poirier was approved for Service Connected Disability retirement on June 13, 2019 and will no longer need to continue the purchase of his service buy back since disability retirement is not calculated based upon service time.

Ms. Groome informs that Mr. Poirier retired with service connected disability. Before he was injured and on disability, he purchased other public employer time to add to his time to the City for retirement purposes. Since his disability is not based upon his years of service there is no benefit to it. This has been done in the past. Mr. García-Linares states that Ms. Groome provided him with minutes of prior meetings. Mr. Sicking, who represents a number of the City’s employees who went out on disability, came before the Board and Mr. Greenfield blessed the idea that there is nothing in the Ordinance that prevents the Board from returning the moneys to the employee. The employee does not
benefit from the moneys they put into the System and do not get interest on the money. The Board has returned the money to other disability retirees twice before.

A motion was made by Dr. Gomez and seconded by Mr. Easley to approve returning the buy back money to Mr. Poirier. Motion unanimously approved (9-0).

Mr. West reviews the October investment performance. There are no stylist biases in the portfolio for equities. They are fully invested. They are appropriately underweight in fixed income and appropriately overweight in real estate and for the moment this is the appropriate weight to be. October was off to a good start. They had a 1.45% rate of return. There are no manager issues. Growth stocks are continuing to outperform on the margin.

He reviews the quarterly report for the fiscal year. For the fiscal year the rate of return was 4.16%. They ended up in the top 36th percentile across the public fund universe across the Country. The three year number was 9.75% which put them in the 1st percentile and the five year number was 7.89% which also put them in the 1st percentile. The investment performance so far is doing very well. They have no issue with the managers. The only manager that faltered for the fiscal year was the international equity manager RBC. This was the first fiscal year in ten years that they underperformed. It was material. However, their three and five year numbers are great and they have no issues with that manager. They changed out the bond management team by adding Garcia Hamilton and they were in line with the benchmark. Richmond continues to meet policy requirements. PIMCO DISCO, the Tac Ops and the Titan Masters fund as far as compliance goes they are all outperformed. The JP Morgan Strategic property fund had lower returns for the fiscal year but no change is recommended there. The only other standout item is the private equity investment which is the Tortoise fund. This fund on an $8 million investment they have received back $4,545,654.00. That brings the market value down to $3.7 million. The fund is paying out on schedule but because of the stresses in the energy sector a lot of these strategies did not pan out. They are about to break even on that fund. Everything is compliant. The total fund has paid around 70 basis points for overall manager fees for the fiscal year end.

Mr. West reviews the hedge fund of fund manager analysis. Their current manager is Titan Masters Fund. They are a reasonably open-ended type of hedge fund manager. That is the preference to have as open type structure as possible. They continue the path of retaining a well-qualified manager who is actually managing the fund of funds of the collective managers participating in that product. He had a request from some of the Board members to review some other AndCo products. The products have been vetted and his team is fine with the particular product but in this case it is more of a closed-end private equity type offer and it required a lock up of capital over an extended period of time. That is not their structured preference here. It is a very specialized type of fund investment and they are trying to be diversified with their hedge fund manager approach. They did review that manager but it is not one of the candidates they have recommended. The Titan Masters is the incumbent manager. They have had a pretty good track record in
some of the earlier years. Their performance became somewhat average. They had a challenging year this last year. Their returns have become between the equity and bonds and that is the type of return they expected. Return wise as part of staying in the investment space you can make a valid argument for staying there but from a manager perspective it looks like there might be a better opportunity with Ironwood International. Since they have been in a 10 year bull market, they really have not had a significant bear market period. Usually, since hedge funds are absolute return vehicles, they have the ability to short or basically make money in down markets but most of these types of funds are trend following elements. It requires a somewhat sustained period of time for these trends to develop and for these managers to get on board and get returns in a declining market. The bear markets they have experienced have been very short. These managers have had a limited amount of time to establish trends so if they wanted to jump on something they thought would become a trend the market would bounce back quickly. Ironwood has provided much better down market protection than Titan Masters. Hedge funds have positive correlation to fixed income. They may not be at optimum investment with the Titan strategy. There were some changes to the management team a few years ago and some of the original team members are no longer with the firm. His team is still monitoring the manager but since the departure of that team with Titan the returns have been lackluster compared to other alternatives. There is no rush on this but his suggestion that at the next meeting that the Board interview Ironwood International with the objective to potentially hire them in place of Titan Masters.

7. Old Business.

Dr. Gomez asks about the Vendor Evaluations. Ms. Groome informs the first review is for Northern Trust, the custody bank. She informs she is still waiting for some Committee members to let her know what dates they are free so they have a quorum. Dr. Gomez asks if during the review process they can look for other firms that might be able to do the job for cheaper or provide a better service. Ms. Groome states that when they do the review and the Committee wants to go and look at other companies that would be alright. Dr. Gomez informs that his intention is not to look to replace but to see if there are other firms that may provide better service for a more reasonable fee. Mr. West understands the necessity for the Board to look for another firm but the service level of Northern has been excellent and to change custodians is a very big process.

Dr. Gomez states that given Ms. Coffy’s resignation and they have this RFP process, it might be a good time to discuss the operations of the office and restructure it a little bit. He does not mean to outsource the entire operation but rather to hire another employee maybe there are parts of the office operation that can be outsourced. Ms. Menegazzo thinks this may be an opportunity to possible have a full service as processing the retiree payroll, processing the annual statements. That could be handed over to Northern Trust. He suggests that Ms. Menegazzo and Ms. Groome look at what part of operation with the Retirement Office could be moved to outsource. Mr. Gold comments that Ms. Groome’s position is finite at this point with the City. Maybe there is a five-year program they can establish going forward with the RFP and maybe they could hire people that could transition to outsource if they choose.
   There was no new business.

   There was no public comment.

10. Adjournment.

   Meeting adjourned at 9:53 a.m.

   APPROVED

   JOSHUA NUNEZ
   CHAIRPERSON

   ATTEST:

   KIMBERLY V. GROOME
   ADMINISTRATIVE MANAGER