The Board meeting was called to order at 8:02 a.m.

1. Roll call.

Vice-Chairperson Gold calls roll. Chairperson Joshua Nunez, Rene Alvarez, Diana Gomez and James Gueits are not in attendance during roll call. Vice-Chairperson Gold advises that this is his first time conducting the meeting acting as Chairperson and unfortunately there is a cloud over the meeting because of the passing of Retirement Board Attorney of 30 years, Alan Greenfield. He asks to pause for a moment of silence.

Ms. Gomez arrives at 8:06 a.m.

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.

Vice-Chairperson Gold asks if all members have had the chance to review the consent Agenda. Mr. Baños informs that he would like to go line item by line item because he has a couple of issues with each item.

2A. The Administrative Manager recommends approval of the Retirement Board meeting minutes for April 25, 2019.

A motion was made by Mr. Hoff and seconded by Mr. Easley to approve the April 25, 2019 meeting minutes.

Discussion:

Mr. Baños explains that he reviewed the minutes. He was unable to attend the last meeting and he clarifies some things. He expresses sympathy to Mr. Greenfield for the loss of his father and continues asking from his understanding of the minutes Mr. Greenfield informed the Board that the Board could not inquire of the backup for the calculation benefits. Mr. Greenfield replies that he stated it was not a proper Board function. But if in the process of reviewing the Consent Agenda and you see something in error you must bring it up. Mr. Baños replies that it seems counterintuitive to not be able to review the basic underlying data to find a mistake but if a mistake is found based on the data he does not see why it cannot be brought up to the Board’s attention. He asks for backup or case law or statutory law that specifically supports this position. He respects Mr. Greenfield but believes he has come to a bad conclusion. He does not want the job of looking at every calculation but believes it is an allegation to the obligation of each Board member to just accept what Ms. Groome presents to the Board. He finds this odd because this is an unusual arrangement of the Board. Ms. Groome and the City are one in the same in a lot of ways. Most businesses that perform this line of work are third parties. He just doesn’t believe there is a legal prohibition from going forward and reviewing the calculations. Ms. Gomez comments that she does not think Mr. Greenfield said there was a prohibition at reviewing the calculations. He only said it was not the legal course of action as a Board member. Ms. Elejabarrieta states that a Board member is to oversee and administer the Coral Gables Retirement System. Mr. Baños points out that the way he read it in the minutes it was said that the Board members cannot look at it. Mr. Greenfield explains that this was a conversation he had with his father and it was more along the lines of if the Board saw something that was blatantly obvious
to bring to the Board’s attention. There is no legal prohibition for a Board member to get the underlying data to check something. Mr. Baños asks Mr. Greenfield if he wanted could he request the backup data for a calculation. Mr. Greenfield replies he could as long as he kept the confidentiality of the information obtained. Mr. Baños informs he is finished unless anyone else has any further comments.

Dr. Gomez explains on page 4 of the minutes there was a conversation on the new auditor and data. His concern here is that there is not really someone at fault. His bigger concern is how the data is used. He adds that this is not the first time the Auditors have done this and the Auditors will not be charging the extra money and have decided to just swallow it but as a long time citizen of Coral Gables he believes they are operating in seventeenth century technology. This has got to stop because they are not serving the retirees and the employees in any shape or form.

Mr. Baños comments that the Board Chairperson, Mr. Nunez, was bothered by an email he sent out about being annoyed. He reached out to the Chairperson to clarify his email and Mr. Nunez apologized afterwards. He was trying to explain in the email that the Board would have been annoyed with him calling in.

Motion unanimously passes (10-0)

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

A motion was made by Mr. Hoff and seconded by Mr. Easley to approve item 2B.

Mr. Baños states that for discussion he would like to know what Agenda item 2B is. Ms. Groome asks what item in the report he is asking about. Mr. Baños replies the entire report. Ms. Groome informs that she obtains the information in the Administrative Report from the things that pass through the office for that month. Mr. Baños then asks about a certain line item. Ms. Groome explains that she sends this information to the City’s Accounting Division and they provide her with the Cash Flow for each month. Mr. Baños apologizes for his misunderstanding. He clarifies that he thought this was something that Ms. Groome did. Ms. Gomez replies negatively. It is something that the Finance Department does. Ms. Groome adds that is the reason for all of the signatures that have to approve it. Mr. Baños then comments that he has no objections.

Motion unanimously approved (10-0).

2C. The Administrative Manager recommends approval of the City of Coral Gables invoice #340224 for General Liability Insurance for the 3rd quarter of fiscal year 2018/2019 in the amount of $1,159.50.
A motion was made by Mr. Hoff and seconded by Mr. Easley to approve Item 2C.

Mr. Baños comments that he saw in the minutes that the City will indemnify Board members. He is puzzled as to why Board members must pay for liability insurance. Ms. Gomez explains that the General Liability Insurance is the insurance the City pays and this is the Retirement System’s share. There is a policy, and she believes because this is a quasi-judicial board, that is the reason why the Board has to pay for it as well as the Administrative office and the work that come from that office. Mr. Baños replies if the Board will not have its own policy then he will not subsidize the City’s own liability because they are not being directly protected. Ms. Gomez states that the office is being directly protected with the General Liability Insurance, not individually but the City will indemnify Board members in their capacity as a Board member. Mr. Baños comments that is his point. The City of Miami Pension Board sued the City of Miami and he always found it amusing that if this Board, for whatever reason, encountered a similar situation that the City would indemnify the Board members the cost.

Motion approved (9-1) with Mr. Baños dissenting.

3. Comments from Retirement Board Chairperson.

Mr. Gold explains besides the moment of silence in the beginning of the meeting his only other comment would be towards Christopher Greenfield. Alan Greenfield was an honor to work with and it was a pleasure for the Board to work with him for so long. His institutional knowledge, his professionalism, his attitude towards the Board, his work ethic was second to none and it was a pleasure to get to know him and it was a pleasure to work with him. Mr. Gold thanks Christopher for his commitment to the Board in addition to his and he wants to make sure it is noted more than once that the Board members and staff are thinking about him and we really appreciated his work. Mr. Greenfield thanks the Board members. His father truly enjoyed working for the Board and looked forward to the meetings. It was difficult making the drive down this morning without him but he remembers a lot of good memories and he is happy that he could be here a little while longer to help the Board with the transition process. Dr. Gomez advises that the Mayor and the Commissioners are in the process of preparing a proclamation honoring Mr. Greenfield’s service and both he and his family will be notified at the appropriate time. Ms. Coffy informs that she has spoken the Mayor’s assistant and was advised that the proclamation is ready and can be done when the Board is ready. Ms. Elejabarrieta informs that it may be too late for the May 14th meeting so it may have to be for the May 28th Commission meeting or June 11th after the workshop. Mr. Greenfield comments that he would like his mother to be present and she has graduation at the end of the month so the June meeting is best.

4. Items from the Board Attorney.
Mr. Greenfield states that he has two items to report this month. He received the agreement form Garcia Hamilton and has reviewed it. They went back and forth and appropriate changes were made to the agreement and the revised agreement was sent over to Ms. Groome last night and is ready to be executed by the Trustee. The second issue is the collection from Barbara Schmidt who has obtained an attorney and has filed a motion for additional time to respond. He has reached out to her with no response multiple times and so it will be set for hearing and move forward with the collection of debt.

5. Status update of the automation of the Retirement System.

Yolanda Menegazzo is called on to present her report. She begins her presentation providing information on Eden, the current computer program. Eden is owned by Tyler Technologies. Tyler Technologies have Munis which is for midsize to large government organizations, counties, cities, nonprofits and schools usually use Munis. Eden functionalities overlap with Munis which is more prevalent in northwest and southeast regions of the US. Eden is not an original software of Tyler technologies it was purchased by Tyler technologies. For smaller cities under a 30 million annual budget there is Incode and Incode is less robust than Eden and Munis. She informs that it is important to know this information about Eden because a lot of the customization the Retirement Office will need is not possible with the current system. She explains that City of Miami Beach upgraded in 2015 from Eden to Munis. All of the functions that Eden provides are general ledger, budgeting, accounts payable and receivable, purchasing, fixed assets, project accounting, inventory, cashing, RFP/bidding, contract management, payroll, human resources, employee training, applicant tracking, parcel manager, permits and inspections, utility billing, licensing, special assessments and customer requests. She adds nowhere in those functionalities is there pension administration modules. The pension administration office currently uses the payroll module to process monthly payroll and the tax module. Dr. Gomez makes emphasis that only two modules payroll and taxes can be used. Ms. Groome adds that they also use the accounts payable and general ledger modules.

Ms. Menegazzo reads reviews written on the Eden system found in forums catered to other municipal professionals who are answering questions for each other about Eden. One review read “it's like a 72 Dodge dart…….. Past its prime.” Another reviewer was asked what do you like best, the response read “turning it off at the end of the day. A dark screen is almost as effective at managing workflow as Eden.” Another reviewer was asked what do you dislike about the Eden system and the response was “customer service consists of being directed to a vast network of users rather than real customer support our department is like a group of apes looking at a rocket ship... We know it should do something but have no idea how to make it fly... If you pound enough buttons something will only break.” She then reads the recommendation made to others who are currently considering the system and it stated “run hide or die.” Another review read “Eden is coming to its end of life and while it works well for us now, we see that there are products within the Tyler family that may serve us better.” She explains to the Board that even though this is a positive comment it still had a negative connotation.
Ms. Menegazzo advises that the City of Coral Gables is spending on average $215,000 per year for the current system. Mr. Gold asks if the billing is based on usage or is it an annual fee. Ms. Gomez replies that is the annual fee. Ms. Menegazzo adds those fees are also combined with any type of other fees. From May 2018 through April 2019 annual fees were $179,000. However, from October 2018 through February of 2019 there was $174,000 of consulting implementation support fees. She advises that she thinks this information is vital because she wants the Board to be aware of the costs that the City currently pays for the current system. Whatever system is put in place it will be a separate new cost to the Retirement System. Ms. Gomez agrees. The City system is the City system and the Retirement System is using the functionality of the City system. They are going through the process of selecting a new system for the City. They are hoping to select a system very soon but it is a City system and they are not selecting a system for the Retirement System. The City will not say no you cannot use the system but it is a not a pension system. Mr. Banos asks if the retirement system pays a portion for the current system in place. Ms. Gomez answers negatively.

Ms. Menegazzo explains that the reason why she is providing all of this information is because she had a meeting with the auditors and she was informed that the data the auditors received had several issues. She goes on to explain that this is because Eden has very poor reporting features and the way to extract the information from the system is horrible. She explains that it is basically like a huge data dump and the data then has to be sorted through to make sense of it. She also had a meeting with Lemay from the City’s IT Department who is very knowledgeable but has also advised how difficult it is to make upgrades or changes in the backend. She explains that if there are errors coming from the Retirement Office it is because the computer system is not the best. She reads off the standard features that the Retirement Office handles on a daily basis. Employees services and updates, collection of bi-weekly pension contributions, DROP processing, calculation of pensionable wages, retiree payments and pay stubs, return/rollover of contributions, Retirement Board agenda meetings, verification of income and investment letters, buy back time processing, actuarial accounting and death audits, annual statements and tax reporting, records management, communication and education and office administration purchasing requisitions. She explains that the three systems she is recommending can complete all of those functions completely paperless. Dr. Gomez comments for clarity that these functions identified, which are quite a bit for two people, most of these are not automated. Ms. Groome informs that none of them are automated. Ms. Menegazzo agrees.

Ms. Menegazzo states that the everyday functions of the Retirement Office are all done manually. By upgrading the system you will not have a department that is drowning and instead of being proactive they can be reactive. Due to the amount of manual work to be done there is a lot of room for human error. She moves on to her assessment and findings. She informs the Board that there is an incomplete Standard Operating Procedures manual. It is a very important manual because any type of personnel changes in the future you should want a new employee to have a guide on how to do things step-by-step. The Retirement Office should have consistency in the way that they handle every single
function in the office. Dr. Gomez advises that in a way there is an SOP manual that was created by Ms. Coffy while he was Chair but it was not brought to the Board. Ms. Menegazzo advises that the SOP created by Ms. Coffy was incomplete because the functions in there need to be more step-by-step. She advises that an SOP manual should be created simultaneously while workflows are being created in the system.

Ms. Menegazzo explains that the systems she has chosen provide an SOP manual guide and you would just need to customize it. There is deficiency in the internal controls and oversight process. She had a meeting with auditors who advised her that they are willing to come in on a quarterly basis and do a random audit however because they are the external auditors there could be some issue and so it would be in best interest to obtain a separate auditor to handle internal audits. She adds many of the updated systems reporting are able to conduct those audits. Mr. Banos states that there is also the possibility of doing this externally. Dr. Gomez asks what Mr. Banos means. Mr. Banos responds that he means essentially that the Board hires a third-party administrator. Most Boards who have this type of set up hires a third-party administrator. The Board would not have the burden of having to set any processes or obtain any administration systems. He explains that the grass is not always necessarily greener but it is a way of significantly and massively improving the current structure set today. Before the Board takes that leap he thinks the Board should take a look at the cost benefit of externalizing the functions and comparing the two options. One of the people who have started to do that function is GRS.

Dr. Gomez comments that the only issue that is in the back of his mind is as the City is changing the system and implementing a new system and they are looking at the possibilities of going another way of getting their own system, he wants to make sure that A talks to B. Ms. Menegazzo comments the system that she is going to recommend to the Board they will like it, she promises, and it will not affect what the City of Coral Gables chooses. Her main recommendations as an overview is to revamp the existing SOP manual, describe exactly what the roles and responsibilities are, there needs to be detailed procedures for each task, function and operation, there needs to be internal controls built into the system, a system that has financial reliability, improved accuracy and minimize liability. She explains that with the implementation of a pension administration system there will be a gain of instant access, improved document management, portal self-service for employees and retirees with built-in workflows, with internal controls, seamless tax and audit reporting and accurate administration and elimination of manual processes. She has done demos on all of these systems. They blew her mind. Ms. Menegazzo advises that reports can be sent to the auditors through the actual system. Mr. Gold asks if this would help the system save money from the actuaries. She answers affirmatively. If they are billing per hour and a huge data dump is provided where they have to spend countless hours vetting through the data, that is no longer needed if the system is updated and it will save the retirement system some money. Mr. Chircut asks if the upgrade of the system will also reduce error. Ms. Menegazzo responds that is a given not to mention retirees would be entering their own information through the self-service portal as well as new employees would be putting in their own demographic information. This would be eliminating any human error done by the Retirement Office as well as
liability on their end. Mr. Chircut asks if it will tell him when he can retire. She answers affirmatively. Currently estimates are generated in the Retirement Office and employees must wait for a response. The office has done a great job at getting back to employees because they have given themselves a 48 hour time frame. She explains that the office currently goes through 25 years of payroll to generate an estimate and then provide that response within 48 hours.

Ms. Menegazzo advises that she reviewed several systems but her proposal is for these three top systems. The first is Nyhart, the second is Pension Gold and the third is Pension Technology Group. Originally, she was dead set on a system that was pension administration and a full payroll system. She explains that Nyhart blew her away. Nyhart is only a pension system the office would still run payroll on Eden like it's done currently. Mr. Hoff interjects to advise that there was a lawsuit with Nyhart. Ms. Gomez advises there was a lawsuit but it is over. But she doesn't know if the Board would like to go back into a system that that they felt they didn't do them justice. Ms. Menegazzo advises that is good to know and continues with the presentation explaining that you can upload the monthly payroll to the Nyhart system and every other function would be 100% automated. Ms. Gomez asks if they are going to get a system shouldn’t they get something that can do everything. Ms. Menagazzo replies she does have two other systems to recommend but those complete systems are very expensive. Nyhart for year one and two would be $100,000 each year; $50,000 for year three and four and then $45,000 for year five. This includes a six-month implementation and annual fees combined. The most important part about Nyhart is implementation is in six months and all the other systems that are full payroll there is a one-year implementation. She believes they should consider the Nyhart system although they had a bad experience with Nyhart. She thinks that the Board should greatly consider. Mr. Gold comments that the cost between the other two systems and Nyhart is dramatically different. Ms. Menegazzo replies that is because the Nyhart system does not have the payroll modules. Payroll would be ran once a month on Eden or whatever the new system is. Pension Gold was implemented by a nearby City Police and Fire. They implemented Pension Gold in the year 2000 and she wants the Board to be aware of how behind they are.

Mr. Chircut comments that a third-party would have their own system. Mr. Banos chimes in adding that going third-party would mean the pension system would not have to subsidize for the cost of a system or go through the process of implementing the system. Even with going with the cheaper option it would increase a hundred thousand dollars of expenses each year and for a fund that is underfunded it seems excessive. Ms. Menegazzo continues informing that the Pension Gold System really blew her away as well but there would be the issue of having to obtain servers and other equipment. Mr. Chircut asks if these prices are negotiable. Ms. Menegazzo answers negatively. She explains that this is the cheapest price she could obtain. Mr. Hoff asks if an RFP would need to be done. Ms. Menegazzo advises that right now she is waiting on a bid that was put in by the City of Ocala and would like to piggyback off of their bid. Nyhart will know on the 28th of May if they have won that bid. Ms. Gomez replies that the City can piggyback but the Retirement System has its own code. They do not follow the City Procurement Code. Ms. Menegazzo replies that an RFP can be done as each system is willing to do a
presentation. She advises that she would like to avoid the RFP process and wait until May 28th to see if the City of Ocala will accept the bid from Nyhart.

Ms. Elejabarrieta asked how she narrowed to these three companies. Ms. Menegazzo responds that they were the top ones. Ms. Elejabarrieta asked based on what research did she look at other companies. Ms. Menegazzo answers that she did look at Milliman and another one that the Board Chairperson sent her that she has a demo on as well but from overall research she reached out to the City of Miami Pension Administrator and she was the one who introduced her to Pension Gold and Nyhart because Nyhart is their actuary. She would like to see a solution implemented in months rather than years. She would like to see a system that can be used with any system that the City of Coral Gables implements. She also recommends having a project oversight person because the internal office is buried in paperwork and it is impossible to think that they can also configure, upload, audit, do the workflows, test the system, it is impossible. Ms. Gomez comments that a new system is an option but having the Pension Administration handled by a third party is also an option. Mr. Baños recommends having Ms. Menegazzo go out and obtain pricing for a third-party. Dr. Gomez comments there is no question that things have to change. However, they have a pension system that is better funded than before but they are using funds that belong to the employees and the retirees. To continue to dip in there when the system is so underfunded he doesn't have a solution but they need to facilitate the process for Staff. Mr. Gueits states that it is the cost of administration. Ms. Menegazzo advises that she can go out and get proposals from a TPA. Ms. Gomez asks if technical support is included in pricing. Ms. Menegazzo replies negatively.

A motion was made by Mr. Hoff and seconded by Dr. Gomez to extend the consultant’s contract for 60 days so Ms. Menegazzo can return to the next available meeting with pricing from Third Party Administrator companies.

Mr. Hoff requests that the Board Attorney come back with an opinion based on the history with Nyhart if there are any legal issues. Vice-Chairperson Gold adds to also ask the City Attorney if she is comfortable if the Board was to engage with Nyhart.

Motion unanimously approved (11-0)

6. Set agenda for workshop with the Mayor and City Commissioners.

Vice-Chairperson Gold explains that the next item was placed on the agenda because there needed to be discussion on what points the Retirement Board would like to bring up to the Commission. Mr. Baños informs the Retirement Board that he will be in Hawaii on June 6th and will not make the meeting. His concern is the discussion of the Actuarial Valuation. It is his view that it is the choice of the Board to decide what the contribution rate is as well as how much money is needed. It is something that should be done by the Board and should not be influenced. He spoke with Pete Strong at GRS who recommended bringing the rate down to 7.5 or modifying amortization tables from 25 years. Ms. Gomez interjects to advise that they are at 20 years already. Mr. Baños replies then it should be 15 years. Vice-Chairperson Gold asks how the Board would like to
focus that into a point. Mr. Baños continues explaining that history tells them that every ten years something goes wacky and so the Board cannot continue to rely on how well things are going today. He continues explaining these funds belong to the retirees and employees and so his request is for an extra million dollars. Ms. Gomez replies that the City is already giving an extra $3 million. The City and the Pension Board had agreed at one of the annual meetings as to the pay down of the actuarial return rate. She adds the City has no real weight in on the decision but the Board also agreed to handle it in a way that is also manageable for the City. Ms. Gomez explains that the Board agreed to bring it down 50 basis points maybe 10 basis points each year depending on gains. She adds changing the assumption rates is just going to make the City's required contribution higher. At the end of the day the system is still getting the money and what does it matter if you get it from a contribution of $26 million required versus getting $27 million anyway. Looking at the history, GRS had a lot of great things to say with what they are doing and how successful they have been over the past 5 to 6 years. She would love for the rate to be 4.2% but they just cannot afford it right now. Why would you force the hand and for what purpose?

Vice-Chairperson Gold believes the actuary needs to make a ten minute presentation on assumption rates explaining what the present assumptions are and the contributions and how they are affecting the pension. Mr. Baños asks if the meeting can be moved since he won't be able to make the meeting. Vice-Chairperson Gold replies negatively, stating that regardless of the date of the meeting he believes the actuary needs to kick off the meeting with a presentation on what assumptions are as well as a brief history. Mr. Hoff comments that Mr. West and Mr. Strong should work together and update what was presented before with highlights focusing on what the affects have been for the last five or six years. Mr. West adds that he spoke with Mr. Strong they had decided it would be most appropriate for a brief background, a brief history as well as any progression of where they are and additionally some additional presentation on assumptions and general high level strategic thought and share the strategic thought the Board went through previously that have led to the positive steps in direction. Vice-Chairperson Gold advises that they need to be careful about prescribing to the Commission. He believes the Board is elucidating what is going on in the back and that they may not be paying attention to or have a full understanding about how it is coming together. Mr. Baños states that the point he was trying to make earlier is he would like the City to increase the contribution made on their end. If they are saving $1 million on how much they are required to contribute into the plan. He is willing to modify the numbers on his end so that Ms. Gomez can go to the Commission and request extra funding. Ms. Gomez replies they are not saving because they are sending the same amount. The required contribution was $24 million and they are sending $27 million. They are already increasing on the City side. They will not be adding another million dollars on top of that. There is a city wide budget to deal with. Her point is to the system why should the City pay for the system. It is an expense of the Retirement System and it is not an expense of the City. They already provide financial services and bookkeeping services and she does not understand why they would want to increase that amount. Mr. Baños replies that first of all it is your City and they need to improve it.
Mr. Chircut recommends for Mr. West and Mr. Strong to add in their presentation decreasing the actuarial assumption to 7.3%. He then explains to the Board that if the city is already making a 7.3% contribution no extra funds will be added to that money. Mr. Baños replies he is happy with that. Ms. Gomez replies why they would do that, it just makes the plan appear more conservative. It will also increase the amortization and take them longer to get somewhere. Vice-Chairperson Gold comments that the current strategy is actually beneficial for both the Retirement Board and the City. Mr. Baños states that it is fictitious. Mr. Guéits recommends that the Commission is explained exactly what levers are pulled and when they are pulled what the consequences of pulling those levers cause. He further explains that the Board should explain that they are at a crossroads. Dr. Gomez adds that all those appointed should sit with their Commissioners to discuss this matter. Mr. Banos explains the issue is the day that numbers are not as great what happens is they have to up charge because they are not making enough. Vice-Chairperson Gold points out that there is five-year smoothing.

Vice-Chairperson Gold concludes the discussion stating ultimately the meeting will consist of 25 to 30 minutes of contributions and actuary assumptions. Mr. West comments that he will take this direction and inform Mr. Strong so that they can begin working on the presentation. He summarizes that the objective of the meeting is to educate on history, but also to identify the mechanics and the issues and changes and the arrangements that were made. This will open up opportunity for the Commissioners to understand what the pulling of the levers mean. Mr. Guéits believes those levers need to be explained before the discussion of pulling those levers. Mr. West explains that they will go through that and on what decisions or factors were taken in to determine what levers to pull and the opportunity for additional discussion without specifically requesting or demanding that any levers be pulled. Ms. Gomez requests to receive a copy of the presentation at least a week in advance as the finance director to prepare for the meeting.

### 7. Investment Issues.

Mr. West reports on the investments. The total fund for the month is 3.04% and 3.07% for fiscal year to date. On a year-over-year basis for analyzing the fund was at 8.95%. The three-year number was at 11.09% and the five-year number at 8.3%. All of the active managers have continued to outperform. M.D. Sass had a very nice outperformance for the month. Their fiscal year to date and their one-year is now ahead but is not enough to retrace the steps from before and the transition from M.D. Sass to Brandywine is officially underway. Everything is set up that is about to happen. The timing of this manager transition worked out very well. All managers came through for April and they are in an excellent position for fiscal year to date. He reviews the cash flow. They opened the fiscal year with $396,271,492. Total contributions were $27,566,640. Total distributions were $27,301,000. Management fees were $1,548,845. Other expenses were $91,964. They had an income of $5,293,135 and an appreciation of $7,671,549. The total market value as of April 30, 2019 was $407,861,006.

Mr. West believes it is important to continue with the overweight money that was moved out of bonds and put into equity. He continues to advocate maintaining their current
weightings. The J.P. Morgan Strategic Property Fund has to take some property write-downs. All real estate managers are suggesting a reduction in the expected returns. This write-down was due to every quarter. There is a third-party evaluator that comes in and values all of the properties. So all of the properties are evaluated by a third party. This is the second manager that they have experienced having to do this. He suggests as the market is evolving potentially take a look at it after year to maybe move and rebalance. At that time it is hard to put a hard date on investment activity but they need to keep the higher asset performers in place. He is not making a hard recommendation but he is asking for the Board to consider. He recommends that the future distribution is to pull those monies from Richman Capital but not go below the minimal policy and the balance will come out from equity. The M.D. Sass and Brandywine transition is happening. The second administrator update is that the Garcia Hamilton contract is completed and ready for signature today. He informs that JK Milne was very upset with termination and a request for a meeting was received. His firm will be reaching out to them but this transition is moving forward.

Mr. West reports on the quarterly report. The total fund the quarter was 9.77% putting the plan in the 13th percentile. The fiscal-year-to-date number was 0.31% placing them in the 44th percentile. The one year number was at 6.62% and in the 3rd percentile. The three-year number was at 10.95% and in the 2nd percentile and the five year number was at a .26% and in the 1st percentile. He advises that other trustees would rather be looking at Coral Gables Retirement System numbers than their own.

8. Old Business.

A. Approval of 2018 Actuarial Valuation report.

Mr. Baños explains that Mr. Strong recommended lowering the return assumption by 10 basis points. Ms. Gomez disagrees. Mr. Baños points out that is the recommendation in the report. Ms. Gomez asks if Mr. Strong has provided the information of what that would be. Dr. Gomez replies he has not. Mr. Baños asks if the Board would like to approve that recommendation considering that the report was subject to further review due to the assumption rates. Ms. Gomez states that the report was approved. Mr. Baños recommends going down 5 or 10 basis points. Vice-Chairperson Gold does not believe the Board can amend the actuary’s recommendation of the actuary report.

A motion was made by Mr. Hoff and seconded by Dr. Gomez to approve the 10/1/2018 Actuarial Valuation.

Discussion:

Mr. Chircut recommends looking at the numbers before making any decisions. Mr. Gueits replies that the Board was not prepared to make any decision it was simply a discussion of the managers concern at the last meeting. Mr.
Banos advises that the report is used for budgetary reasons. Ms. Gomez states the report is for the contribution for 10/1/2019 and typically before the report is issued the Board would have to make any adjustments. The conversation did not really come up before this. The previous year there was discussion of lowering the assumption rate between 5 and 10 basis points. There was a vote and there was a 10 point reduction. For this report she cannot recall the discussion ever being had. On top of that, as the Finance Director, she did not receive the report in advance. Part of her agrees that there could have been a decrease of 10 basis points. That is an additional $200,000 but the question was never posed and the report would have to be reissued. Mr. Baños recommends that Mr. Hoff amend his motion so that the report be approved subject to the actuary changing the assumed rate of return down 10 basis points rather than 5 basis points. Ms. Gomez states that she did discuss this with the actuary briefly and she is aware that the contribution would roughly increase to $230,000. The funded ratio would be instead of 63.6% it would be about 63.3% so it will go down. It will decrease but it is still higher than it was before. The unfunded liability goes up roughly about $2 or $3 million. The idea is to see the unfunded go in the right direction and not the wrong direction. Mr. Baños agrees. They are getting money in the end. Ms. Gomez replies that they will get the exact same money they were getting it just depends in what pocket you are putting it in. Vice-Chairperson Gold adds that it will make the actuary more comfortable. Ms. Gomez agrees. Mr. Hoff comments that there is always a disagreement between the rate of return and he is not sure whether the changes will make that big of a difference. If it will ultimately not help the plan receive more money then he is fine with it the way it is. Mr. Baños asks for Mr. Hoff to amend his motion. Ms. Gomez replies at the end of the day the goal of this Board is to reduce the assumption rate in a way that is acceptable to both the City and the Retirement Board and it was decided that they were going to go down as they could. Mr. West states that it is a visual and everyone is going for the same objective. If they make any of the assumptions more conservative, make the fund ratio and the resulting numbers look worse then that is a visual that is not constructive and trying to get council members on board. Alternately, the other visual that can be presented is to leave the assumptions the same as the City makes an additional contribution outside it creates a positive visual because it shows that the City made an extra contribution and it makes the funded ratio better. Mr. Hoff declines to amend his motion.

Motion approved (11-1) with Mr. Baños dissenting.

Ms. Groome brings up the issue regarding an applicant for non-service disability. The office has been trying to get him an appointment with Sylvester but there is an issue with the Retirement Office putting in his demographics. Dr. Gomez asks what does that mean. Ms. Coffy explains that UM will not allow him be a new patient without an account being set up and she cannot set up the account for him. She reached out to him several times
and was unable to make contact with the individual. Yesterday evening she received a call back from his wife explaining she was in another country. She received a letter explaining that he is not able to complete his job duties. Ms. Groome adds and the gentleman does have cancer that is incurable. At the last meeting it was discussed that they should get documentation stating that he could not complete his job duties and she did receive a letter stating such. Ms. Gomez points out that the ordinance does say “shall” and there is still no documentation stating he cannot complete his functions. Ms. Groome reads the letter to the Retirement Board. She explains to the Board that she just wanted to know if she could present this for the next meeting. Mr. Greenfield explains that the way the Board has handled this in the past is the Board did not make any decisions without a second opinion from an Independent Doctor. Ms. Groome states the Retirement Office can wait until the next meeting to try and obtain an IME but if they cannot she asks if this case be presented with the medical records received. Mr. Chircut asks if the benefit will be retroactive. Ms. Groome replies no it will not. Dr. Gomez states that the letter is very detailed from the doctor stating that he can no longer complete his job duties.

A motion was made by Mr. Banos and seconded by Mr. Hoff to approve Mr. Velazquez for non-service connected disability with first payment in June. Motion approved (9-2) with Ms. Gomez and Ms. Elejbarrieta dissenting.

Mr. Hoff recommends to direct the City Attorney to change ordinance and remove shall to give discretion to the Retirement Board. Mr. Baños asks if the Retirement Board meeting can be moved from the 13th to the 20th or the 27th. The Board cannot obtain a quorum for the 20th or the 27th. The meeting remains to be held on the 13th.


Ms. Coffy explains that her retirement account has not been set up yet. She explains that she has been an employee for three years and the retirement money has not been moved into her account. Vice-Chairperson Gold asks if the money has been invested. Ms. Coffy answers negatively. Ms. Groome further explains that it is simply a change of who the account is set up with.

A motion was made by Mr. Hoff and seconded by Mr. Gold to allow Ms. Coffy to choose where she would like to setup her 401 account. Motion unanimously approved (11-0).


There was no public comment.

11. Adjournment.
Meeting adjourned.

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Kimberly V. Groome
Administrative Manager
Coral Gables Retirement System